GIORDANO

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GIORDANO INTERNATIONAL LIMITED
佐丹奴國際有限公司

Annual Report 1997
一九九七年年報

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FINANCIAL AND OPERATION HIGHLIGHTS

財務摘要
(以千港元為單位)

FINANCIAL HIGHLIGHTS
(Amounts expressed in HK$'000)

		綜合 Consolidated				
		1997	1996	1995	1994	1993
營業額	Turnover	**3,014,364**	3,522,047	3,481,967	2,863,726	2,334,135
營業額(減少)／增長(%)	Turnover (decrease)/increase *(%)*	**(14.4)**	1.2	21.6	22.7	40.5
除税及特殊項目前溢利	Profit before tax and exceptional items	**198,178**	315,402	294,248	234,236	166,666
除税及特殊項目前溢利(減少)／增長(%)	Profit before tax and exceptional items (decrease)/increase *(%)*	**(37.2)**	7.2	25.6	40.5	14.5
除税及少數股東權益後溢利	Profit after tax and minority interests	**67,975**	261,233	250,228	195,347	137,632
除税及少數股東權益後溢利(減少)／增長(%)	Profit after tax and minority interests (decrease)/increase *(%)*	**(74.0)**	4.4	28.1	41.9	19.6
股東資金	Shareholders' funds	**1,068,941**	1,138,267	911,739	544,521	454,697
營運資金	Working capital	**654,199**	670,274	495,997	361,952	297,379
總負債對股值比率	Total debt to equity ratio	**0.3**	0.4	0.7	0.9	0.8
銀行借貸對股值比率	Bank borrowings to equity ratio	**0**	0	0	0.1	0.1
流動比率	Current ratio	**3.0**	2.6	1.9	1.8	1.8
存貨可供銷售*(日數)*	Inventory turnover on sales *(days)*	**48**	58	55	53	59
總資產回報率(%)	Return on total assets *(%)*	**4.8**	16.5	16.4	18.8	16.7
平均股值回報率(%)	Return on average equity *(%)*	**6.2**	25.5	34.4	39.1	33.7
銷售回報率(%)	Return on sales *(%)*	**2.3**	7.4	7.2	6.8	5.9
每股盈利*(仙)*	Earnings per share *(cents)*	**9.6**	36.9	38.8	30.9	22.0
每股現金股息*(仙)*	Cash dividend per share *(cents)*	**5.0**	16.0	13.5	11.0	9.0

業務摘要
(除特別註明外，概為於年底之數字)

OPERATION HIGHLIGHTS
(Figures as at year end unless specified)

		1997	1996	1995	1994	1993
直接由本集團管理之零售門市數目	Number of retail outlets directly managed by the Group	**324**	294	280	283	257
零售門市總數	Total number of retail outlets	**640**	515	451	360	278
直接由本集團管理之零售門市面積 *(平方呎)*	Retail floor area directly managed by the Group *(sq. ft.)*	**313,800**	295,500	286,200	282,700	209,500
每平方呎銷售額 *(港元)(附註1)*	Sales per square foot *(HK$) (Note 1)*	**8,000**	9,900	10,500	10,600	12,600
僱員數目	Number of employees	**8,175**	10,004	10,348	6,863	2,330
可比較門市之銷售額(減少)／增長 *(%)(附註2)*	Comparable store sales (decrease)/increase *(%) (Note 2)*	**(11)**	(6)	8	(9)	15
售貨員數目	Number of sales associates	**1,929**	1,958	2,069	1,928	1,502

附註：

1. *按加權平均基準計算*
2. *指於兩年作比較之財政年度內均開業十二個月之銷售點*

Notes:

1. *On weighted average basis*
2. *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

CORPORATE INFORMATION

董事

執行董事

劉國權先生
(主席及行政總裁)
William Garrett Bennett 先生
陳鉅添先生
張國良先生
馮永昌先生
吳士元先生

獨立非執行董事

畢滌凡先生
吳卓明先生

公司秘書

聶羨萍女士

授權代表

劉國權先生
陳鉅添先生

註冊辦事處

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

主要營業地點

香港九龍
長沙灣道777－779號
天安工業大廈5樓
http://www.giordano.com.hk

DIRECTORS

Executive

Mr. LAU Kwok Kuen, Peter
(Chairman and Chief Executive)
Mr. William Garrett BENNETT
Mr. CHAN Kui Tim, Jimmy
Mr. CHEUNG Kwok Leung, Peter
Mr. FUNG Wing Cheong, Charles
Mr. NG Sze Yuen, Terry

Independent Non-executive

Mr. Barry John BUTTIFANT
Mr. Edward James WU

COMPANY SECRETARY

Ms. LIP Sin Ping, Alice

AUTHORISED REPRESENTATIVES

Mr. LAU Kwok Kuen, Peter
Mr. CHAN Kui Tim, Jimmy

REGISTERED OFFICE

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

5th Floor Tin On Industrial Building
777–779 Cheung Sha Wan Road
Kowloon Hong Kong
http://www.giordano.com.hk

法律顧問

香港

喬立本廖依敏律師行

趙天岳、鍾子良律師事務所

百慕達

顏施甘百慕達律師行

核數師

永道會計師事務所

主要股份過戶登記處

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

香港股份過戶登記分處

雅柏勤證券登記有限公司
香港
銅鑼灣
恩平道28號
嘉蘭中心10樓

主要往來銀行

香港上海滙豐銀行有限公司
香港渣打銀行
萬國寶通銀行

LEGAL ADVISERS

Hong Kong

Robin Bridge & John Liu
Chao and Chung

Bermuda

Appleby, Spurling & Kempe

AUDITORS

Coopers & Lybrand

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Abacus Share Registrars Limited
10th Floor Caroline Centre
28 Yun Ping Road
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank N.A.

董事

劉國權先生，現年四十五歲，主席。劉先生亦出任行政總裁兼董事總經理。彼於一九八七年加入本集團，並於一九九四年二月八日成為行政總裁，其後於一九九四年八月十日獲委任為本公司董事會主席。劉先生持有加拿大卡加里大學工商管理碩士學位。彼為加拿大特許會計師公會會員。於加入本集團之前，劉先生於加拿大之私人公司及政府機構有超過十二年會計工作經驗。

William Garrett BENNETT**先生**，現年三十六歲，執行董事。彼負責本集團零售業務之產品發展策劃、執行及控制。彼於一九八六年加入本集團，並在一九九七年二月十一日獲委任為本公司之執行董事。彼擁有十四年時裝設計及市場推廣之經驗。

畢滌凡先生，現年五十三歲，獨立非執行董事。畢先生於一九八二年至一九八七年間擔任森那美香港有限公司之董事總經理，於一九八七年加入寶麗碧集團為其遠東業務部門之集團行政總裁。畢先生現任萬威國際有限公司之董事總經理。彼為英國特許公認會計師公會及香港會計師公會資深會員，彼亦為英國及香港管理人員協會之資深會員。彼於一九九一年五月出任為本公司之獨立非執行董事。

陳鉅添先生，現年四十八歲，執行董事。陳先生亦出任本集團財務總裁。彼畢業於加拿大阿伯特大學，為加拿大特許會計師公會會員及香港會計師公會會員。彼於一九九零年加入本集團，並於一九九四年二月二十一日被委任為本公司執行董事。加入本集團之前，彼在加拿大及香港曾任職於專業會計，財務及公司管理各有關職位。

DIRECTORS

Mr. LAU Kwok Kuen, Peter, aged 45, Chairman. Mr. Lau also holds the positions of Chief Executive and Managing Director. He joined the Group in 1987 and became the Chief Executive on 8th February, 1994. He was elected Chairman of the Board of Directors of the Company on 10th August, 1994. Mr. Lau holds an MBA degree from the University of Calgary in Canada. He is a member of the Canadian Institute of Chartered Accountants. Prior to joining the Group, Mr. Lau had over 12 years' accounting experience in the private and the public sectors in Canada.

Mr. William Garrett BENNETT, aged 36, Executive Director. Mr. Bennett directs the Group's retailing division's overall product development planning, implementation and control. He joined the Group in 1986 and was appointed Executive Director of the Company on 11th February, 1997. Mr. Bennett has 14 years' experience in fashion design and marketing.

Mr. Barry John BUTTIFANT, aged 53, Independent Non-executive Director. Mr. Buttifant was the Managing Director of Sime Darby Hong Kong Limited between 1982 and 1987. He joined the Polly Peck group in 1987 as Group Chief Executive of its Far East operations. Presently, he is the Managing Director of IDT International Limited. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants. He is also a fellow member of the Institutes of Management in the United Kingdom and Hong Kong. He became an Independent Non-executive Director of the Company in May 1991.

Mr. CHAN Kui Tim, Jimmy, aged 48, Executive Director. Mr. Chan also holds the position of Chief Financial Officer of the Group. He is a graduate of the University of Alberta in Canada and is a member of the Canadian Institute of Chartered Accountants and an associate member of the Hong Kong Society of Accountants. He joined the Group in 1990 and was appointed Executive Director of the Company on 21st February, 1994. Prior to joining the Group, he had held various positions in public accounting, finance and corporate management in Canada and Hong Kong.

張國良先生，現年四十六歲，執行董事。張先生亦出任本集團製衣部門之業務總裁。彼於一九九零年加入本集團及在一九九七年二月十一日獲委任為本公司之執行董事。張先生有超過二十三年成衣製造經驗。

馮永昌先生，現年三十六歲，執行董事。馮先生亦出任本集團東南亞零售業務之業務總裁。彼持有香港大學學士學位。馮先生於一九八八年加入本集團，並在一九九七年二月十一日獲委任為本公司之執行董事。於加入本集團之前，彼具有五年房地產業務經驗。

吳士元先生，現年三十八歲，執行董事。吳先生在一九九七年二月十一日獲委任為本公司之執行董事，並負責本集團業務發展。彼畢業於澳洲新南威爾斯大學。彼亦持有亞洲(澳門)國際公開大學工商管理碩士學位。彼為澳洲執業會計師公會會員。於一九九三年加入本集團之前，吳先生曾於香港聯合交易所有限公司任職超過五年，彼亦曾任職永道會計師事務所，有數年核數工作經驗。

吳卓明先生，現年四十八歲，獨立非執行董事。吳先生曾任職中國銀行之香港商人銀行聯營機構中芝興業財務有限公司，現為萬美達有限公司董事總經理。彼持有加州克萊大學工商管理碩士學位。彼於銀行業及商人銀行業擁有超過二十年經驗，並在製造及經銷時裝業擁有超過五年經驗。吳先生於一九九一年五月出任本公司之獨立非執行董事。

Mr. CHEUNG Kwok Leung, Peter, aged 46, Executive Director. Mr. Cheung also holds the position of Chief Operations Officer of the manufacturing division of the Group. He joined the Group in 1990 and was appointed Executive Director of the Company on 11th February, 1997. Mr. Cheung has over 23 years' experience in the garment manufacturing industry.

Mr. FUNG Wing Cheong, Charles, aged 36, Executive Director. Mr. Fung also holds the position of Chief Operations Officer of the Group's retail operations in the South East Asia. He holds a bachelor degree from the University of Hong Kong. Mr. Fung joined the Group in 1988 and was appointed Executive Director of the Company on 11th February, 1997. Before joining the Group, he worked for 5 years in the real estate business.

Mr. NG Sze Yuen, Terry, aged 38, Executive Director. Mr. Ng was appointed Executive Director of the Company on 11th February, 1997 and is primarily responsible for business development of the Group. He is a graduate of the University of New South Wales in Australia. He also holds an MBA degree from Asia International Open University (Macau). He is a member of the Australian Society of Certified Practising Accountants. Immediately before joining the Group in 1993, Mr. Ng worked for The Stock Exchange of Hong Kong Limited for more than five years. He also has several years' experience in the auditing field with Coopers & Lybrand, certified public accountants.

Mr. Edward James WU, aged 48, Independent Non-executive Director. Mr. Wu was previously with CCIC Finance Limited, a Hong Kong merchant banking affiliate of the Bank of China, and is currently Managing Director of Vimeda Company Limited. He holds an MBA degree from the University of California, Berkeley. He has over 20 years' experience in banking and merchant banking and has over 5 years' experience in manufacturing and distribution in the fashion industry. He became an Independent Non-executive Director of the Company in May 1991.

高級管理人員

聶羨萍女士，現年四十歲，公司秘書兼公司事務部經理。聶女士畢業於香港理工大學，並持有英國赫爾大學工商管理碩士學位。彼為香港公司秘書公會資深會員。彼於一九九二年加入本集團，擁有十七年公司秘書方面經驗。

馬灼安先生，現年四十八歲，高級副總裁。馬先生於一九九六年加入本集團，並負責本集團在中國之業務。彼持有加拿大阿伯特大學商業管理學士學位及為加拿大特許會計師公會會員。在加入本集團之前，馬先生在加拿大政府曾任高職於會計及核數部門達十五年，彼亦擁有工商業投資及商業管理資深經驗。

黃小萍女士，現年三十八歲，佐丹奴有限公司人力資源部總監。黃女士持有香港中文大學工商管理碩士學位。彼為英國特許管理會計師公會及香港會計師公會會員。彼於一九九三年加入本集團及擁有超過十四年之人力資源、會計、特許經營、銷售及業務經驗。於加入本集團前，黃女士曾任職怡和有限公司及牛奶國際集團超過九年。

楊志超先生，現年四十六歲，佐丹奴有限公司之美術及視覺總監。楊先生畢業於香港理工大學。彼於工商設計有超過二十一年經驗。楊先生於一九八八年加入本集團。

楊建昌先生，現年三十七歲，集團財務總監。楊先生畢業於加拿大多倫多大學。彼為加拿大安大略省公認管理會計師公會會員。彼於一九九二年加入本集團，並擁有超過十三年財務及會計經驗。楊先生在一九九七年十二月一日擔任現職前，於集團之香港及中國零售業務亦取得豐富經驗。

SENIOR MANAGEMENT

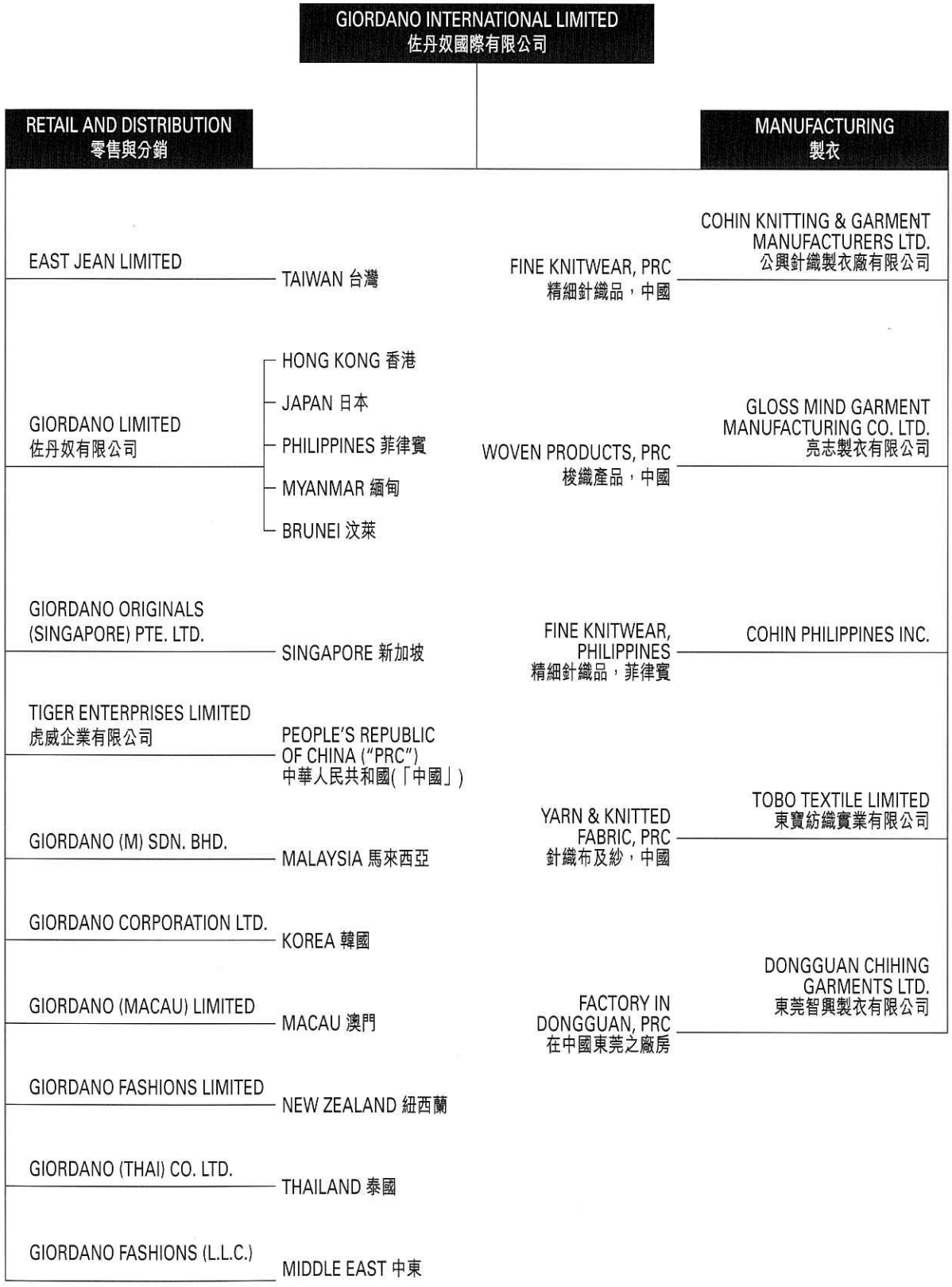
Ms. LIP Sin Ping, Alice, aged 40, Company Secretary and Corporate Services Manager. Ms. Lip is a graduate of Hong Kong Polytechnic University and holds an MBA degree from the University of Hull in the United Kingdom. She is a fellow member of The Hong Kong Institute of Company Secretaries. She joined the Group in 1992 and has 17 years' experience in the company secretarial field.

Mr. MAH Chuck On, Bernard, aged 48, Senior Vice President. Mr. Mah joined the Group in 1996 and is responsible for the Group's operations in the People's Republic of China. He holds a bachelor degree in Business Administration from the University of Alberta in Canada and is a member of the Canadian Institute of Chartered Accountants. Prior to joining the Group, Mr. Mah had 15 years' experience in senior government positions in accounting and auditing in Canada. He also had extensive experience in industrial and commercial investment and business administration.

Ms. WONG Siu Ping, Christine, aged 38, Human Resources Director of Giordano Limited. Ms. Wong holds an MBA degree from Chinese University of Hong Kong. She is an associate member of the Chartered Institute of Management Accountants and the Hong Kong Society of Accountants. She joined the Group in 1993 and has over 14 years' experience in human resources, accounting, franchising, sales and operations. Prior to joining the Group, Ms. Wong worked for Jardine Matheson & Co. and Dairy Farm Group for more than 9 years.

Mr. YEUNG Chi Chiu, aged 46, Art and Visual Director of Giordano Limited. Mr. Yeung is a graduate of Hong Kong Polytechnic University. He has over 21 years' experience in 2-dimensional and 3-dimensional design. Mr. Yeung joined the Group in 1988.

Mr. YONG Kin Cheong, Samuel, aged 37, Group Financial Controller. Mr. Yong is a graduate of the University of Toronto in Canada. He is a member of the Society of Management Accountants of Ontario (CMA). He joined the Group in 1992 and has over 13 years' experience in finance and accounting. He had also gained extensive experiences in the Group's retail operations in Hong Kong and the People's Republic of China before he took up the current position on 1st December, 1997.


GIORDANO INTERNATIONAL LIMITED
佐丹奴國際有限公司
RETAIL AND DISTRIBUTION
零售與分銷
MANUFACTURING
製衣
EAST JEAN LIMITED
TAIWAN 台灣
GIORDANO LIMITED
佐丹奴有限公司
HONG KONG 香港
JAPAN 日本
PHILIPPINES 菲律賓
MYANMAR 緬甸
BRUNEI 汶萊
GIORDANO ORIGINALS (SINGAPORE) PTE. LTD.
SINGAPORE 新加坡
TIGER ENTERPRISES LIMITED
虎威企業有限公司
PEOPLE'S REPUBLIC OF CHINA ("PRC")
中華人民共和國(「中國」)
GIORDANO (M) SDN. BHD.
MALAYSIA 馬來西亞
GIORDANO CORPORATION LTD.
KOREA 韓國
GIORDANO (MACAU) LIMITED
MACAU 澳門
GIORDANO FASHIONS LIMITED
NEW ZEALAND 紐西蘭
GIORDANO (THAI) CO. LTD.
THAILAND 泰國
GIORDANO FASHIONS (L.L.C.)
MIDDLE EAST 中東
FINE KNITWEAR, PRC
精細針織品，中國
COHIN KNITTING & GARMENT MANUFACTURERS LTD.
公興針織製衣廠有限公司
WOVEN PRODUCTS, PRC
梭織產品，中國
GLOSS MIND GARMENT MANUFACTURING CO. LTD.
亮志製衣有限公司
FINE KNITWEAR, PHILIPPINES
精細針織品，菲律賓
COHIN PHILIPPINES INC.
YARN & KNITTED FABRIC, PRC
針織布及紗，中國
TOBO TEXTILE LIMITED
東寶紡織實業有限公司
FACTORY IN DONGGUAN, PRC
在中國東莞之廠房
DONGGUAN CHIHING GARMENTS LTD.
東莞智興製衣有限公司

吾等對本集團於一九九七年會計年度首六個月之表現甚感滿意。本集團管理層與售貨員等所採取及實施之策略，與一九九六年會計年度比較，獲得十分可觀之成效。然而，一九九七年下半年，即七月至十二月期間，本集團遭受到自成為上市公司以來，前所未遇之挑戰，去年襲擊亞洲之經濟危機使之陷入困境。貨幣暴跌，消費者信心減弱，顧客重新釐定開支之優先次序，及整個區域之旅遊業亦蒙受影響。大部份行業均因此而遭受損失，而零售業所受之打擊尤甚。

We were pleased with our performance for the first six months of fiscal 1997. The strategy put forth by our management and sales associates and its implementation paid off handsomely when compared to fiscal 1996. However, the second half of the year, from July to December 1997, presented a challenge that we had not encountered since we became a listed company. The economic crisis that gripped Asia this past year threw her into turmoil. Currencies crashed, consumer confidence waned, customers reprioritised their spending and tourism suffered throughout the region. This took its toll on most industries, hitting the retail sector especially hard.

本集團因其廣泛區域化而受到亞洲貨幣貶值之影響，故深受打擊。一九九七年股東應佔溢利減少74%至68,000,000港元。雖然本集團可算是全無負債，且其現金狀況比上年更為雄厚，但鑒於現時之商業環境，董事會不建議派發末期股息。

The Group was hard hit due to its extensive regionalisation and thus exposure to Asian currencies devaluation. The profit attributable to shareholders in 1997 was decreased by 74% to HK$68.0 million. Although the Group is virtually debt-free and is in a stronger cash position than last year, the Board does not recommend the payment of a final dividend in view of the present business environment.

一本地區性商業雜誌於一九九七年六月將佐丹奴列為亞洲第14名最具競爭力之公司。一九九七年之情況足以證明本集團應獲此殊榮，本集團雖屢經考驗，但透過管理層之努力 — 迅速採取成本遏制策略及立即實施嚴格之存貨控制，最終仍能獲取利潤。關於策略及經營之更詳細論述可參閱「管理層之論述及分析」一節。

A regional business magazine in June 1997 ranked Giordano the 14th most competitive company in Asia. What happened in 1997 was ample demonstration of why we deserve such ranking. We were tested at every turn and emerged profitably through the efforts of management who moved swiftly to adopt cost control strategies and implemented immediate, stringent inventory controls. A more detailed discussion of strategies and operations can be found in the "Management's Discussion and Analysis" section.

本集團繼續將零售視為一種全年性業務，故此本集團部份產品不受時間限制，及於多年來祇需輕微改良。本集團在服務態度及了解顧客方面之熱誠，惟少數公司真正能做到的。本集團之靈活管理方式乃本集團其中一項主要優勢，此優勢使本集團可迅速成長，並在未來數年內為本集團作出良好貢獻。

We continue to see retailing as a 365 day business and therefore we have products that are timeless and only require subtle improvements over the years. It is here in our attitude and our understanding of the customers that our passion exists and allows us to do something few companies have honestly achieved. Our management flexibility is one of our key strengths. This has allowed us to grow rapidly and will serve us well in the coming years.

本集團將繼續致力在服務及經營方面建立零售實務標準。本集團有決心改善存貨效率，在一九九七年底，本集團之存貨可供銷售日數減至48天，而一九九六年為58天。

We will continue to strive to establish retail practice standards in service and operations. We are committed to improving our inventory efficiency. By the end of 1997 our inventory turnover on sales was reduced to 48 days, compared to 58 days for 1996.

進入一九九八年，本集團維持穩健財政狀況，有能力安然渡過此次經濟風暴。本人確信，並預期本集團將於緊隨之十二個月內處於優越地位，能夠進一步擴大市場佔有率及拉遠佐丹奴與其競爭對手之距離。本集團之市場地位在過去三年內受到同業模仿及跟風之重大挑戰。然而該等競爭對手並不具備佐丹奴所擁有之同樣價值觀與熱誠，及為顧客提供物有所值之服務與解決問題之承諾及經驗。本集團在長期艱苦經營中建立上述優點。本集團現時作出之決定及積極之行動將進一步提高其商標價值。

We have entered 1998 in sound financial health with the ability to weather this economic storm. I am confident and expect that we will emerge in the next twelve months to be in an excellent position to take additional market share and further the distance between Giordano and its competitors. Our position in the market has been fiercely challenged over the last three years by "me-too" and "also-ran" concepts. These competitors, however, do not share the same value propositions, passion, commitment and experience to deliver value and problem solving for customers that we possess at Giordano. We are in it for the long haul. The decisions and initiatives that we are embarking on now will further our brand equity.

本公司將繼續履行其歷經考驗之公司價值：簡單化、超卓服務，反應迅速及物有所值。本公司之基本概念仍然堅定：在物有所值之前提下，於方便、親切、服務為本之環境中，提供一系列色彩突出之簡單便服。本集團堅持上述概念，並堅信其可帶來之前景。

The Company will continue to implement its long tested corporate values of simplicity, service, speed and value for money. The fundamental concept of the Company remains strong; to deliver casual basics with an outstanding range of colour in a convenient, friendly, service-oriented environment on a value for money premise. We are committed to this and its future.

當閣下購入一股佐丹奴股份時，即購入上述經管概念。本集團相信充滿工作熱情、誠意為顧客解決問題及提供具實際價值解決方法之公司，均可經歷時間之考驗。

When you buy a share of Giordano this is what you are buying into. The belief that companies that work passionately and with integrity to solve customers' problems and deliver solutions with true value will stand the test of time.

本集團未來將繼續致力於把市場分散至更多地區，着重發展主要類別，並專注於產品為本之市場宣傳，利用已建立之基礎進一步提高佐丹奴牌子在該等地區之知名度，並在全球新興市場建立新立足點。本集團計劃於未來數年內在國際市場不斷成長，成為真正之世界品牌。

Going forward we will continue to work towards geographic diversification of markets, focusing on our core categories and concentrating on product oriented marketing advertisements, taking advantage of footholds we have established to further the Giordano brand awareness in these regions and establishing new footholds in emerging markets around the globe. It is our intent to grow internationally in the years to come and become a true global brand.

本人謹代表董事會，就股東之體諒，本集團員工之不懈精神及供應商之忠誠，分別向彼等致以謝意。

On behalf of the Board, I extend my gratitude to our shareholders for their understanding, to our staff for their perseverance and to our suppliers for their loyalty.

劉國權
主席

一九九八年五月十四日

LAU KWOK KUEN, PETER
Chairman

14th May, 1998

概論

儘管本集團於首六個月取得滿意業績，其於一九九七年下半年之整體表現大幅滑落，導致本集團之銷售營業額及股東應佔溢利均有重大下降。本集團一九九七年之銷售營業額為3,014,400,000港元，較一九九六年下降14.4%。除特殊項目後之股東應佔溢利為68,000,000港元，較上年下降74%。特殊項目合共為116,200,000港元，包括：(1)多種亞洲貨幣貶值所引致之兑換虧損，及(2)中華人民共和國(「中國」)當局所徵收若干罰款之撥備，本集團現時正就該等罰款進行上訴。

橫掃亞洲之貨幣危機引致本集團之零售及分銷業務蒙受重大損失。銷售營業額下降10.7%至2,732,800,000港元，而溢利貢獻則下降32.5%至164,000,000港元。因換算外幣交易及未償還外匯結欠而招致之總虧損約達24,000,000港元。此外，本集團多個地區市場之貨幣貶值，使本集團將該等附屬公司之業績換算為本集團之港元記賬時，付出沉重代價。就換算貨幣而言，為了符合本集團一貫之會計政策，本集團所有外地業務之財務報表，繼續使用年底之結算匯率作換算。

本集團製衣業務之業績亦於一九九七年大幅滑落。扣除本集團內部銷售後之銷售營業額下降38.9%至281,600,000港元。來自集團以外客戶之溢利貢獻亦急劇下降84.2%至8,000,000港元。製衣業務表現之急劇下降乃源於：(1)關閉深圳兩間廠房；(2)增加服裝與配襯用品之分判量及當地採購額；(3)因經濟普遍不景而減少對外間客戶之銷售額；及(4)增加對本集團本身之零售及分銷業務之銷售額。

OVERVIEW

Despite the satisfactory results achieved in the first six months, the Group's overall performance came off sharply in the second half of 1997, resulting in a significant drop in both the Group's sales turnover and profit attributable to the shareholders. The Group's sales turnover in 1997 was HK$3,014.4 million, representing a decrease of 14.4% compared with 1996. Profit attributable to shareholders after exceptional items was HK$68.0 million, representing a decrease of 74% compared with the previous year. The exceptional items in aggregate amounted to HK$116.2 million, which include: (1) exchange losses resulting from the devaluation of various Asian currencies; and (2) provision for certain penalties imposed by the authorities in the People's Republic of China ("PRC") which are currently under appeal.

The currency crisis which swept through Asia has caused major damage to the results of the Group's retail and distribution operations. Sales turnover fell by 10.7% to HK$2,732.8 million and profit contribution was down by 32.5% to HK$164.0 million. Exchange losses from translation of foreign currency transactions and unsettled foreign currency balances amounted to approximately HK$24.0 million. Furthermore, currency devaluation in the Group's various regional markets costs the Group dearly when it came to translation of the results of these subsidiaries into the Group's reporting currency of Hong Kong dollars. For such translation, to conform to the Group's consistent accounting policy, the Group continued to apply the year end rates for the purpose of translating the financial statements of all of its foreign operations.

The results of the Group's manufacturing operations also came off sharply in 1997. Sales turnover net of internal sales was down by 38.9% to HK$281.6 million. Profit contribution from external customers also fell sharply by 84.2% to HK$8.0 million. The dramatic drop in the performance of the manufacturing operations was due to: (1) the closure of two factories in Shenzhen; (2) increased subcontracting and local sourcing of garments and accessories; (3) decrease in sales to outside customers due to the general downturn of the economy; and (4) increase in sales to the Group's own retail and distribution operations.

一九九七年年內，管理層逐步將位於深圳之兩間全資製衣附屬公司之規模縮小。該兩間公司於一九九六年接獲中國海關當局發出之罰款通知書，罰款數額合共達79,600,000港元。該等附屬公司之業務隨後均已結束及遷移至其他地方，包括菲律賓。該兩間附屬公司之廠房會否重新開業，則視乎現時針對該等罰款所進行之上訴而有待其結果而定。該兩間附屬公司之資產(包括被扣存貨)於一九九七年十二月三十一日之賬面總值為78,200,000港元，已在賬目上作出全面撥備，以防上訴失敗。

During 1997, management gradually downsized the two wholly owned manufacturing subsidiaries in Shenzhen, which had in 1996 received penalty notices from the customs authorities in the PRC claiming up to HK$79.6 million in aggregate. The operations of these subsidiaries have subsequently been closed and were relocated elsewhere including the Philippines. Depending on the outcome of the currently pending appeal against the penalties, the two subsidiaries' factories may or may not be reopened. The total book value of the two subsidiaries' assets (including bonded stocks) as at 31st December, 1997 amounted to HK$78.2 million, which has been fully provided for in the accounts in the event the appeal is unsuccessful.

自一九九六年起，管理層就罰款通知書不斷努力進行上訴。先前於廣東省深圳市中級人民法院進行之上訴被判敗訴，本集團繼續向廣東省高級人民法院提出上訴。由於未能確定上訴之結果，管理層認為需採取較審慎做法並於一九九七年就該等為數達84,300,000港元之罰款作出全面撥備，以防上訴徹底失敗。管理層亦已就中國工商行政管理局為數達7,900,000港元之罰款作出全面撥備。

Since 1996, management has made relentless efforts to appeal the penalty notices. The earlier attempts at the Intermediate People's Court of Shenzhen have not been successful and management is continuing to appeal at the Higher People's Court of Guangdong Province in the PRC. As the outcome of the appeal cannot be ascertained, management considered it prudent to make full provision in respect of such penalties amounting to HK$84.3 million in 1997 in the event the appeal is entirely unsuccessful. The management has also made full provision for the penalty from the Administration for Industry and Commerce in the PRC amounting to HK$7.9 million.

多種亞洲貨幣之貶值，嚴重削弱本集團在零售及製衣業務方面之表現。由於當地貨幣貶值，外國零售經營商自香港及中國採購產品時，該等進口產品之成本更為昂貴，導致邊際利潤受到侵蝕。外國零售經營商因此需要轉向較為廉價之地區進行採購。本集團中國製衣業務(一度為本集團零售業務所依賴)之訂單數量因而收縮，讓採購在生產成本較為低廉之國家進行。結果，本集團變為較少依賴在中國進行採購，本集團各個市場之零售業務在當地進行採購，已成為一個較明顯之特色，尤以貨幣受到較嚴重貶值之國家為然。

The devaluation of various Asian currencies had a major dampening effect on the performance of our retail and manufacturing operations. As the local currencies devalue, the foreign retail operator sourcing its products from Hong Kong and the PRC finds it more expensive to import and consequently finds its margins eroded. Inevitably, the foreign retailing operations need to turn to less expensive sourcing. The order book of the Group's manufacturing operations in China on which the Group's retail operations were once dependent therefore shrunk and gave way to sourcing from countries where the cost of production is lower. Consequently, the Group has become less dependent on sourcing in China and local sourcing by the Group's retail operations in various markets has become a more prominent feature, particularly in those countries where the devaluation of the local currencies has been more severe.

儘管一九九七年發生金融危機及本集團大部份市場之市場狀況持續不景，惟本集團仍然維持其財政實力，於年底持有之現金為192,200,000港元，可算是全無負債的情況。

In spite of the financial crisis in 1997 and the continuing depressed market conditions in most of our markets, the Group has been able to maintain its financial strength with a virtually debt-free position and cash on hand of HK$192.2 million at the end of the year.

零售及分銷業務

來自零售及分銷部門之銷售營業額下降10.7%至2,732,800,000港元，而溢利貢獻下降32.5%至164,000,000港元。

在一九九七年下半年，亞洲貨幣危機橫掃整個地區，接連打擊多個國家，導致零售市場狀況急速惡化。本集團之零售業務大致上受以下三方面影響：(1)市場氣氛普遍欠佳，導致銷售額整體收縮；(2)當地貨幣貶值，引致進口成本上升，但鑒於現時之市場狀況，提高價格並不可行，因而導致邊際利潤縮窄，業績底線受到負面影響；及(3)在發生貨幣貶值之國家蒙受兌換虧損。

為應付市場之不景狀況，管理層已採取嚴格措施來控制成本、存貨及現金。存貨可供銷售日數於一九九七年年底已由一年前之58天，急降至48天。

於一九九七年，本集團之零售及分銷業務繼續由五大市場主導：香港、台灣、中國、韓國及新加坡。

RETAIL AND DISTRIBUTION

Sales turnover from the retail and distribution division was down by 10.7% to HK$2,732.8 million while profit contribution was down by 32.5% to HK$164.0 million.

During the second half of 1997, the retail market conditions deteriorated rapidly as the Asian currency crisis swept through the region hitting one country after another. The Group's retail operations have been affected largely in three ways: (1) general poor market sentiments have led to an overall contraction in sales; (2) the devaluation of the local currencies has immediately caused the import cost to rise while price increases were not feasible in view of the market conditions, resulting in narrowed margins and adversely affecting bottom line results; and (3) exchange losses were incurred in the countries where currency devaluation occurred.

To cope with the market conditions, management has taken stringent measures on cost, inventory and cash control. Inventory turnover on sales as at the 1997 year-end had been slashed to 48 days from 58 days a year ago.

In 1997, the Group's retail and distribution operations continued to be dominated by the same five largest markets: Hong Kong, Taiwan, PRC, Korea and Singapore.

香港 HONG KONG

		1997	1996	1995	1994	1993
銷售淨額(百萬港元)	Net sales *(HK$m)*	**762.1**	926.1	947.8	845.4	777.7
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**16,300**	20,400	22,400	21,100	21,200
可比較店鋪之銷售額(減少)／增加 *(%)***	Comparable store sales (decrease)/ increase *(%)***	**(18)**	(6)	9	1	6
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**51,400**	44,400	46,500	40,800	41,900
售貨員數目***	Number of sales associates***	**427**	463	498	461	479
銷售點數目 — 直接管理***	Number of outlets — directly managed***	**53**	47	49	45	46

* 按加權平均基準計算

** 指於兩個作比較之財政年度內均開業十二個月之銷售點

*** 於十二月三十一日

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December*

下半年之銷售數字急劇下降，將全年銷售營業額拉低至762,100,000港元，較一九九六年下降17.7%。

The sales figures came off sharply in the second half which brought the full-year sales turnover down to HK$762.1 million, a fall of 17.7% compared with 1996.

銷售額之收縮大致源於香港主權移交期間及移交後期間訪港旅客人數大幅下降。在移交期間，中國當局禁止中國旅客訪港，歷時數月，而來自其他國家之旅客數目出乎意料之外地令人失望。經濟危機在一九九七年下半年橫掃本區，旅客流量進一步受到削弱。於一九九七年十月，香港之金融市場遭受打擊，隔夜息率一度飈升至300%，影響消費者信心，對整體零售市場造成重大不利影響。

The contraction in sales was largely due to the significant drop in tourist arrivals during and following the period of transition of sovereignty in Hong Kong. During the period of transition, tourist traffic from the PRC was banned by the PRC authorities for several months and the number of tourists from other countries was unexpectedly disappointing. As the economic crisis swept through the region in the later half of 1997, tourist traffic was further dampened. In October 1997, Hong Kong's financial markets were under attack. Overnight interest rate momentarily shot up to 300% affecting consumer confidence with severe adverse effect on the entire retail market.

在成本方面，由於一九九六年及一九九七年上半年香港普遍出現經濟繁榮，導致租金及其他成本於一九九七年繼續高企。由於營業額下降及成本高昂，一九九七年來自香港之溢利貢獻跌至紀錄新低。

On the cost side, rental and other costs remained high in 1997 due to the economic boom which had prevailed in Hong Kong in 1996 and the first half of 1997. With falling revenue and high costs, profit contribution from Hong Kong dropped to its record low in 1997.

台灣 TAIWAN

		1997	1996	1995	1994	1993
銷售淨額(百萬港元)	Net sales *(HK$m)*	**753.2**	917.0	1,062.7	1,120.2	1,003.3
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**4,500**	5,700	6,400	7,700	9,900
可比較店舖之銷售額(減少)／增加 (%)**	Comparable store sales (decrease)/ increase *(%)***	**(9)**	(11)	(10)	(17)	28
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**168,500**	164,400	159,300	161,300	134,900
售貨員數目***	Number of sales associates***	**787**	800	837	801	780
銷售點數目 — 直接管理***	Number of outlets — directly managed***	**191**	173	170	182	174

* 按加權平均基準計算

** 指於兩個作比較之財政年度內均開業十二個月之銷售點

*** 於十二月三十一日

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December*

按當地貨幣計算，銷售營業額輕微下降2.7%。然而，本集團之台灣零售業務，以淨邊際利潤而言，有重大改善，該項改善大致源於：(1)延續一九九六年實施之成本嚴厲削減計劃；及(2)佐丹奴童裝系列繼續獲得改善，使此項新業務取得成功。由於管理權力下放使本集團可對客戶需求作出迅速反應，本集團預期台灣業務可於一九九八年進一步獲得改善，並繼續增加市場佔有率。

When measured in the local currency, sales turnover came down slightly by 2.7%. However, our Taiwan retail operations saw solid improvement in terms of net margin. The improvement was largely due to: (1) a drastic cost reduction program carried forward from 1996; and (2) continuing improvement on the Giordano Kid's line has made this new line of business a success. As a result of decentralisation of management responsibilities which allowed prompt response to customers needs, we expect further improvements in 1998 and that we will continue to increase our market share.

中國(不包括香港) PRC (EXCLUDING HONG KONG)

		1997	1996	1995	1994	1993
銷售淨額(百萬港元)	Net sales *(HK$m)*	**565.2**	567.4	527.1	338.5	338.1
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**20,600**	20,300	18,500	10,200	11,200
可比較店舖之銷售額(減少)/增加 *(%)***	Comparable store sales (decrease)/ increase *(%)***	**(1)**	4	53	(9)	—
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**29,200**	26,900	30,700	33,000	33,800
售貨員數目***	Number of sales associates***	**344**	302	359	338	499
銷售點數目	Number of outlets					
— 直接管理***	— directly managed***	**10**	10	9	6	6
— 特許經營***	— franchised***	**160**	110	84	34	15

* 按加權平均基準計算

** 指於兩個作比較之財政年度內均開業十二個月之銷售點

*** 於十二月三十一日

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December*

管理層採取積極政策，在中國開設新專營店，於一九九七年，專營店之淨增幅為50間。於一九九七年年底，本集團之中國零售業務網絡擁有170個佐丹奴零售點，遍及中國49個大城市，跨越22個省份。

Management actively pursued a policy of opening new franchised shops in China. In 1997, there was a net increase of 50 franchised outlets. By the end of 1997, our China retail operations had a network of 170 Giordano outlets spanning 49 large cities and across 22 provinces in China.

儘管年內新設之專營店數目眾多，本集團在中國業務之銷售營業額及溢利增長仍屬平穩。一九九六年多間店舖結束營業，對專營權銷售業務仍存在不利影響。為減輕困擾專營店經營商之焦慮，管理層現已在中國設立兩個新分銷中心，第一個位於華北 — 大連，另一個位於華東 — 上海。該兩個中心之設立，應有助佐丹奴產品分銷全國，並提高本集團專營店之經營效率。

Notwithstanding the large number of new franchised shops established during the year, sales turnover and profit growth from our China operations remained flat. There was still an overhang amongst the franchised operations on the shop closures in 1996. To alleviate the anxieties troubling the franchisee operators, management has now established two new distribution centres in China. The first one is located in Northern China - Dalian, and the other in Eastern China - Shanghai. The establishment of these two centres should facilitate the distribution of Giordano products across the country and enhance the operating efficiencies of our franchisees.

韓國 KOREA

		1997	1996	1995	1994
銷售淨額(百萬港元)	Net sales *(HK$m)*	**337.0**	271.8	122.1	16.0
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**8,360**	9,840	6,100	1,770
可比較店鋪之銷售額增加 *(%)***	Comparable store sales increase *(%)***	**27**	72	—	—
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**46,000**	33,200	23,900	12,600
售貨員數目***	Number of sales associates***	**255**	181	109	69
銷售點數目***	Number of outlets***	**77**	62	43	20

* 按加權平均基準計算

** 指於兩個作比較之財政年度內均開業十二個月之銷售點

*** 於十二月三十一日

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December*

在貨幣危機最終於一九九七年十二月打擊韓國之前，本集團在該國之零售業務十分興旺。按當地貨幣計算，該業務於一九九七年之銷售額及溢利均大幅上升，較一九九六年分別上升84.5%及66.7%。

The sales and profits in 1997 of our retail operations in Korea were up significantly in local currency terms, by 84.5% and 66.7% respectively compared with 1996, as the operations were very robust until the currency crisis eventually hit the country in December 1997.

然而南韓圜於十二月之貶值，已對南韓業務之邊際利潤造成壓力。由於經濟不景，加價並非一個可以接受之解決辦法。因此，管理層已尋求在南韓當地採購產品。貶值後之南韓圜令價格非常吸引，且該國之製衣歷史悠久，其服裝產品以品質水準可靠著稱，故預期在當地進行採購，將可迅速解決問題。

The devaluation of the Won in December has, however put pressure on profit margins in South Korea. Due to the depressed economy, price increase is not an acceptable solution. As a result, management has been pursuing local sourcing in South Korea. It is expected local sourcing would soon resolve the problem as the devalued Won has made it very attractive from a price point of view and the quality standard of the country's garment products has long been known to be dependable with its long garment manufacturing history.

新加坡 SINGAPORE

		1997	1996	1995	1994	1993
銷售淨額(百萬港元)	Net sales *(HK$m)*	**284.4**	351.0	361.4	335.1	277.5
每平方呎銷售額(港元)*	Sales per sq. ft. *(HK$)**	**10,300**	14,900	16,800	14,800	15,100
可比較店舖之銷售額(減少)／增加 *(%)***	Comparable store sales (decrease)/ increase *(%)***	**(15)**	(19)	(1)	(14)	11
零售樓面面積(平方呎)***	Retail floor area *(sq. ft.)****	**28,700**	26,400	22,000	23,200	23,600
售貨員數目***	Number of sales associates***	**235**	233	248	208	206
銷售點數目 — 直接管理***	Number of outlets — directly managed***	**33**	30	27	29	29

* 按加權平均基準計算

** 指於兩個作比較之財政年度內均開業十二個月之銷售點

*** 於十二月三十一日

* *On weighted average basis*

** *Regarding those outlets which were open for the full 12 months in each of the two financial years under comparison*

*** *As at 31st December*

按當地貨幣計算，首半年銷售營業額有9.5%增長，經過七月開始之貨幣危機後，有關增長被完全抹煞。全年營業額急跌19%至284,400,000港元。

The improvement in sales turnover in the first half of the year of 9.5%, when measured in local currency, was totally wiped out by the currency crisis which started in July. The full-year turnover dropped sharply by 19% to HK$284.4 million.

新加坡貨幣貶值，引致兌換虧損，並縮窄本集團業務之邊際利潤。加上租金及售貨員費用高昂，比上年分別增加24.9%及18.4%，進一步縮窄邊際溢利。鑒於該國市場競爭劇烈，管理層已採取措施，改善業務之成本效益。

The devaluation of the Singaporean currency caused exchange loss and also narrowed the margin of our operations. This was compounded by the high rental and sales staff costs, which increased by 24.9% and 18.4% respectively over the previous year. Given the competitive market conditions in this country, management has initiated measures to improve the cost effectiveness of the operations.

其他市場

菲律賓仍然是本集團其他市場中之最大市場，年底總共有45間(一九九六年：32間)專營店，遍佈菲律賓所有主要城市。本集團對菲律賓之銷售額，以港元計算，較一九九六年上升42.4%。本集團在菲律賓擴充生產設施，預期可節省成本，提高零售業務之存貨管理效率。鑒於上述有利因素，本集團在菲律賓之零售業務預期可於一九九八年維持穩定增長。

本集團繼續由於中東銷售額之增長而得益。於一九九七年，零售點之數目增至26間(一九九六年：15間)。本集團對該地區之銷售額較一九九六年上升59.7%。銷售額預期會因專營權銷售網絡擴展至沙地阿拉伯及阿拉伯聯合酋長國其他州而加速增長。

在馬來西亞，零售銷售額較一九九六年下降14.8%，儘管按當地貨幣計算，實際上升30.7%。當地貨幣貶值，不僅抵銷銷售額增長，亦急劇增加該業務之進口成本。管理層預期該業務於一九九八年開始在當地進行採購時，情況會獲得改善。

本集團在泰國之零售業務在當地貨幣危機中蒙受嚴重損失，銷售營業額以港元計算，較一九九六年下降62.3%，整體經濟及購買意慾均持續疲弱。為了對市場狀況作出回應，本集團已鞏固其業務，並採取嚴格控制成本之措施。

本集團亦於緬甸及汶萊奠定基礎。本集團維持其承諾，致力滲透該等市場及其他餘下之市場，成為整個地區之主要便服零售商。

OTHER MARKETS

The Philippines continued to be the largest amongst the Group's other markets. There were at year-end a total of 45 (1996: 32) franchised shops spread over all major cities in the Philippines. Group sales to the Philippines went up by 42.4% in Hong Kong dollar terms compared with 1996. The expansion of the Group's manufacturing facility in the Philippines is expected to create cost savings and to increase the efficiency of inventory management for the retail operations. Given these favourable factors, the Group's retail operations in the Philippines are expected to maintain its steady growth in 1998.

The Group continued to benefit from sales growth in the Middle East. In 1997, the number of retail outlets increased to 26 (1996: 15). Group sales to the region went up by 59.7% compared with 1996. Its growth is expected to be accelerated by the extension of the franchise network to other states in the United Arab Emirates and to Saudi Arabia.

In Malaysia, turnover fell by 14.8% when compared with 1996 although, when measured in local currency, it actually went up by 30.7%. The devaluation of the local currency not only eliminated the sales improvement but also sharply increased the operations' import cost. Management expects the situation should improve when the operations start to source locally in 1998.

The Group's retail operations in Thailand suffered severely from the local currency crisis. Sales turnover in Hong Kong dollar terms dropped by 62.3% when compared to 1996. The overall economy and purchasing sentiment have both remained weak. In response to such economic conditions, the Group has consolidated its operations and taken stringent measures on cost control.

The Group has also established a foothold in Myanmar and in Brunei. It remains the Group's commitment to penetrate these and other remaining markets to become the dominant casual wear retailer in the entire region.

製衣業務

本集團製衣業務之規模於一九九七年大幅縮減。一九九七年本集團之製衣銷售總額為778,600,000港元，下降28.4%，扣除集團內部銷售後之綜合製衣銷售額下降38.9%至281,600,000港元。

鑒於多項不明朗因素及尚未解決之海關罰款問題，管理層採取步驟，縮減其於中國之製衣業務。於一九九七年，本集團關閉位於深圳之兩間廠房，將其業務遷移至其他地方。由於其他亞洲國家如菲律賓之生產成本已因當地貨幣貶值而變得更具吸引力，管理層繼續採取步驟，進一步改善本集團之菲律賓製衣業務。因此，本集團之製衣業務已變得更為分散，並較少依賴其於中國之生產基地。目前，管理層正繼續致力於在其他亞洲國家就地進行採購，以利用其較低廉之生產成本。鑒於亞洲現時之普遍狀況，在當地進行採購有雙重優點，其一為本集團提供較低廉之生產成本，其二可為本集團對冲匯率波動。

製衣業務遷移至其他地方及縮小規模，導致梭織部門及針織部門之生產力分別減少8%及19%，而經常費用則節省29.3%。因縮小規模而導致之耗損屬一次性事件，而其所引致之成本節約則會重複出現，經過一段時間後，該益處將會轉化為較高溢利及更佳之邊際利潤。由於本集團正因其零售網絡擴大地域覆蓋範圍而向當地進行更多採購，本集團繼續發展一個靈活之生產基地，可因應需求之急速轉變而作出反應。

MANUFACTURING

The Group's manufacturing operations were scaled down significantly in 1997. Total Group manufacturing sales for 1997 amounted to HK$778.6 million, down by 28.4%. Consolidated manufacturing sales net of internal sales fell by 38.9% to HK$281.6 million.

In view of the various uncertainties and the outstanding customs penalties issue, management took steps to downsize its manufacturing operations in China. In 1997, the two factories in Shenzhen were shut down and their operations were relocated elsewhere. As production costs in other Asian countries such as the Philippines have become more attractive due to local currency devaluation, management continues to take steps to further improve the Group's Philippines manufacturing operations. Consequently, the Group's manufacturing operations have become more decentralised and less dependent on its production base in China. At present, management is continuing its efforts to establish local sourcing in other Asian countries to capitalise on their lower cost of production. With the prevailing conditions in Asia today, local sourcing has the double advantage of giving the Group the benefit of a lower cost of production and providing it with a hedge against exchange rate fluctuations.

The relocation and downsizing of the manufacturing operations resulted in a reduction in production capacity of the woven and knitwear divisions by 8% and 19% respectively, compared with the saving of 29.3% in overheads. The wastage in downsizing is a one-off event whereas the resulting cost savings are recurring. In time, it is expected the benefit will translate into higher profits and better margins. As we are looking more towards local sourcing due to the wider geographical coverage of the Group's retail network, we continue to develop a flexible production base that can react to the dynamic changes in demand.

針機產品部 KNITWEAR DIVISION

		1997	1996	1995	1994	1993
銷售額(百萬港元)	Sales *(HK$m)*	**347.3**	643.4	665.1	406.7	349.3
於年底之每月生產力(千打)	Monthly capacity at year end *('000 dozens)*	**116**	143	165	70	68
工人數目	Number of workers	**2,411**	3,842	4,577	2,198	2,591
佔銷售額之百分比:	**Percentage of sales to:**					
本集團	The Group	**74**	62	66	60	57
第三者	Third Parties					
日本	Japan	**6**	18	21	23	19
中國	PRC	**3**	—	—	7	15
美國	USA	**3**	5	2	1	—
菲律賓	Philippines	**10**	7	3	—	—
台灣	Taiwan	**—**	—	—	—	1
其他市場	Others	**4**	8	8	9	8

梭織產品部 WOVEN DIVISION

		1997	1996	1995	1994	1993
銷售額(百萬港元)	Sales *(HK$m)*	**430.3**	444.2	395.6	246.2	144.4
於年底之每月生產力(千件)	Monthly capacity at year end *('000 pieces)*	**560**	610	480	300	200
工人數目	Number of workers	**2,510**	2,462	1,841	1,310	758
佔銷售額之百分比:	**Percentage of sales to:**					
本集團	The Group	**57**	51	67	66	77
第三者	Third Parties					
日本	Japan	**29**	44	30	26	8
中國	PRC	**—**	—	—	2	12
韓國	Korea	**4**	5	3	4	—
香港	Hong Kong	**10**	—	—	—	—
其他市場	Others	**—**	—	—	2	3

流動現金及資金來源

本集團之貿易融資及週轉銀行信貸來自十間主要銀行，合計757,000,000港元。於一九九七年十二月三十一日，該等信貸已動用7,100,000港元，全部均須於一年內或即期償還。銀行貸款之利息按浮動利率計算。於一九九七年十二月三十一日之融資租賃債務中，包括為購買位於中國之租賃土地及樓宇而承擔之債務30,500,000港元，該債務以人民幣定值，須以年利率12%按月繳付固定款額，於二零零五年屆滿。本集團於一九九七年十二月三十一日之總負債對股值比率為0.3。

於一九九七年十二月三十一日，本集團之營運資金較一九九六年輕微減少2.4%至654,200,000港元，而現金及銀行結餘則增加7.9%至192,200,000港元。

於一九九七年十二月三十一日，本集團之總資產為1,418,700,000港元，比一九九六年減少172,100,000港元，主要源於存貨由上年呈報之555,400,000港元減少至399,600,000港元。

根據目前之現金狀況及可動用銀行信貸，本集團應有充足資金，以應付商業營運及未來發展機會之預計資金需求。

LIQUIDITY AND CAPITAL RESOURCES

The Group has trade finance and revolving loan facilities from 10 major banks totalling HK$757.0 million. As at 31st December, 1997, such facilities were utilised to the extent of HK$7.1 million, all of which were repayable within a year or on demand. Interest on bank loans is charged on a floating rate basis. Included in the obligations under finance leases as at 31st December, 1997 was an amount of HK$30.5 million denominated in Renminbi payable by fixed monthly instalments at an annual interest rate of 12% maturing in 2005 for the purchase of leasehold land and building in the PRC. The Group's total debt to equity ratio as at 31st December, 1997 was 0.3.

As at 31st December, 1997 the working capital of the Group decreased slightly by 2.4% to HK$654.2 million while cash and bank balances increased 7.9% to HK$192.2 million as compared to 1996.

As at 31st December, 1997 the Group's total assets stood at HK$1,418.7 million, a decrease of HK$172.1 million from 1996, mainly due to the decrease of inventory to HK$399.6 million from HK$555.4 million reported last year.

Based on the current cash position and the availability of banking facilities, the Group should have sufficient funds to meet anticipated funding requirements for business operations and future opportunities.

展望

本集團於一九九七年上半年取得良好業績，惟於下半年則大幅滑落。橫掃亞洲之金融危機損害本集團之業績，直接影響所有地區性市場。根據最保守之估計，預期可能在一九九八年之後或甚至一九九九年之後，大部份亞洲國家之經濟才會否極泰來。展望未來，預期若干市場可能於一九九八年之後先於其他市場逐漸復甦。雖然如此，可合理預期本區大部份市場在緊隨之兩年內僅有輕微或溫和增長。

本集團需面對之挑戰，在於渡過現時之經濟蕭條，並利用目前機會使本公司成為更強大之公司。過去，本集團之管理層一直以高效率、能有效控制成本及善於管理現金與存貨著稱，本集團今天之承諾在於確保本集團乃實至名歸。於一九九七年，集團銷售營業額減少14.4%，相比之下，年內之經常成本削減10.1%，管理層將繼續精簡業務及改善整體成本效率與效益。本集團在整個年度內維持淨現金狀況，年底之存貨可供銷售日數減至48天，較一九九六年改善10天。

今天，本集團目睹多個亞洲國家進入負資產價格調整期，管理層認識到此乃這十年間賦予之機會，在機會出現時，將採取步驟充分利用。預期租金及各項營運成本，將因為資產價格調整過程而由目前水平進一步下調。其他商業機會亦會相繼湧現，為本集團帶來合作效益，並提高盈利增長。鑒於多個亞洲國家之貨幣貶值，管理層將加強本集團在當地市場之採購能力。由於本集團之零售網絡在原來已非常廣濶之基礎上繼續擴展其地域覆蓋範圍，在當地市場進行採購不僅可紓緩分銷業務存在之多項後勤問題，亦可減輕因產品進口至一個貨幣疲弱國家而產生之壓力。

PROSPECTS

The Group's results came off sharply in the second half from what seemed to be a promising start in the first half of 1997. The financial crisis which swept through Asia took a toll on the Group's results, affecting directly all regional markets. By the most conservative estimate, it is expected that it would likely be after 1998 or perhaps even after 1999 before there could be any turnaround in many of these Asian countries. Looking forward, it is expected that some markets may recover gradually ahead of the others after 1998. Nevertheless, it is reasonable to expect that most markets in this region would only show a flat or modest growth in the next two years.

The challenge ahead for us is to survive the current recession and come out as an even stronger company by capitalising on present opportunities. In the past, our management has been known for efficiency, effective cost control and cash and inventory management. It is our commitment today to ensure that we continue to deserve such recognition. In 1997, Group sales turnover decreased by 14.4%. By comparison, overhead costs during the year were trimmed by 10.1%. Management will continue to streamline the operations and improve the overall cost efficiency and effectiveness. The Group maintained a net cash position throughout the year and the inventory turnover on sales at year end was reduced to 48 days which represented an improvement of 10 days over 1996.

Today, we are witnessing a period of negative asset price adjustments across many Asian countries and management recognises that these are opportunities of the decade and will take steps to capitalise on them as they arise. In time, it is expected that rental and various operating costs will come down even further from present levels as a result of the asset price adjustment process. Other business opportunities could also arise which may provide synergy to our business and could enhance our earnings growth. In view of the devalued currencies in many Asian countries, management will strengthen our sourcing capability in the local markets. As our retail network expands its already wide geographical coverage, sourcing in the local markets should not only alleviate the many logistic problems of distribution but also relieve the pressure of importing products into a country with a weak currency.

RECOGNITION OF MERITS

1997

ASIA INC.

亞洲50間最具競爭力公司

- *第十四位*

香港零售管理協會

香港服務業獎

- *優質顧客服務*

神秘顧客計劃

- *服務組別領袖獎 - 服裝及飾物組別*
- *服務行業領袖獎*

1996

亞洲管理學會

亞洲管理大獎

- *人力資源及管理*
- *市場管理*

遠東經濟評論 - REVIEW 200

對顧客要求不斷革新
- *榜首*

被其他公司欲趕上之公司榜
- *排行第二*

香港管理專業協會

卓越服務計劃

- *1996 最佳管理培訓獎 - 策略性人力資源管理組別冠軍*
- *1996 最佳管理培訓獎 - 全場總冠軍*

香港零售管理協會

神秘顧客計劃

- *服務組別領袖獎 - 服裝及飾物組別*
- *服務行業領袖獎*

1995

遠東經濟評論 - REVIEW 200

對顧客要求不斷革新
- *榜首*

被其他公司欲趕上之公司榜
- *排行第二*

香港零售管理協會

1995 傑出服務公司獎
- *金獎*

傑出服務獎
- *時裝店／專門店組別*

香港貿易發展局

1995 香港工業獎
- *貿易發展局出口市場推廣獎*

1994

遠東經濟評論 - REVIEW 200

對顧客要求不斷革新
- *榜首*

被其他公司欲趕上之公司榜
- *排行第三*

香港零售管理協會

傑出服務獎
- *時裝店／專門店組別*

傑出服務冠軍大獎

1993

香港零售管理協會

百貨公司／其他組別
- *傑出服務獎*

1997

ASIA INC.

ASIA'S 50 MOST COMPETITIVE COMPANIES

- *Rank 14*

HONG KONG RETAIL MANAGEMENT ASSOCIATION

HONG KONG AWARDS FOR SERVICES

- *Customer Service*

MYSTERY SHOPPERS PROGRAMME

- *Service Category Leader - Fashion & Accessories Category*
- *Service Industry Leader*

1996

ASIAN INSTITUTE OF MANAGEMENT

THE ASIAN MANAGEMENT AWARDS

- *People Development & Management*
- *Marketing Management*

FAR EASTERN ECONOMIC REVIEW - REVIEW 200

INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
- *Top spot*

COMPANIES THAT OTHERS TRY TO EMULATE
- *No. 2 spot*

THE HONG KONG MANAGEMENT ASSOCIATION

A PASSION FOR SERVICE EXCELLANCE PROGRAMME

- *Winner of the Award for Excellence in Training 1996 –Strategic HRD Category*
- *Overall Winner of the Award for Excellence in Training 1996*

HONG KONG RETAIL MANAGEMENT ASSOCIATION

MYSTERY SHOPPERS PROGRAMME

- *Service Category Leader - Fashion & Accessories Category*
- *Service Industry Leader*

1995

FAR EASTERN ECONOMIC REVIEW - REVIEW 200

INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
- *Top spot*

COMPANIES THAT OTHERS TRY TO EMULATE
- *No. 2 spot*

HONG KONG RETAIL MANAGEMENT ASSOCIATION

1995 SERVICE & COURTESY COMPANY AWARD
- *Gold Award*

SERVICE & COURTESY AWARD
- *Boutiques/Specialty Stores Category*

HONG KONG TRADE DEVELOPMENT COUNCIL

1995 HONG KONG AWARDS FOR INDUSTRY
- *Trade Development Council Export Marketing Award*

1994

FAR EASTERN ECONOMIC REVIEW - REVIEW 200

INNOVATIVE IN RESPONDING TO CUSTOMER NEEDS
- *Top spot*

COMPANIES THAT OTHERS TRY TO EMULATE
- *No. 3 spot*

HONG KONG RETAIL MANAGEMENT ASSOCIATION

SERVICE & COURTESY AWARD
- *Boutiques/Specialty Stores Category*

OUTSTANDING SERVICE & COURTESY AWARD

1993

HONG KONG RETAIL MANAGEMENT ASSOCIATION

SERVICE & COURTESY AWARD
- *Department Store/Others Category*

董事會同寅茲向全體股東提呈本公司及本集團截至一九九七年十二月三十一日止年度之報告書及已審核賬目。

The directors have pleasure in submitting their report together with the audited accounts of the Company and the Group for the year ended 31st December, 1997.

主要業務 PRINCIPAL ACTIVITIES

本公司為一投資控股公司。本集團之主要業務為經營零售及分銷「佐丹奴」牌子「物有所值」便服及配襯用品。本集團亦同時經營成衣製造業務，供應集團零售業務需求，並向本集團以外之人士供應製成品。

The Company is an investment holding company. The principal business of the Group is the retailing and distribution of "value for money" casual apparel and accessories under the GIORDANO brand. The Group also carries on apparel manufacturing operations which support the Group's retailing business and supply products to third parties.

按照業務範圍劃分，本集團之營業額及除特殊項目外營業溢利之貢獻分析如下：

An analysis of the Group's turnover and contribution to operating profit excluding exceptional items by activities is as follows:

		1997		1996	
		營業額 Turnover 千港元 HK$'000	除特殊項目外營業溢利之貢獻 Contribution to operating profit excluding exceptional items 千港元 HK$'000	營業額 Turnover 千港元 HK$'000	除特殊項目外營業溢利之貢獻 Contribution to operating profit excluding exceptional items 千港元 HK$'000
零售及分銷	Retail and distribution	**2,732,766**	**164,045**	3,061,168	242,972
製造	Manufacturing	**281,598**	**7,985**	460,879	50,559
		3,014,364	**172,030**	3,522,047	293,531

按照地區劃分，本集團之營業額分析如下：

The geographical analysis of the Group's turnover is as follows:

		1997 千港元 HK$'000	1996 千港元 HK$'000
香港	Hong Kong	**794,918**	936,151
台灣	Taiwan	**753,166**	917,019
中華人民共和國	People's Republic of China	**576,001**	570,445
新加坡	Singapore	**284,456**	350,953
韓國	Korea	**190,774**	138,550
日本	Japan	**156,483**	312,127
菲律賓	Philippines	**91,224**	85,802
杜拜	Dubai	**47,251**	29,582
馬來西亞	Malaysia	**38,347**	45,028
澳門	Macau	**19,638**	27,767
泰國	Thailand	**16,613**	44,013
美國	United States of America	**10,585**	29,537
其他地區	Other territories	**34,908**	35,073
		3,014,364	3,522,047

財政資料

本集團截至一九九七年十二月三十一日止年度之業績，現金流動及本公司與本集團於該日之財政狀況俱載於第37至78頁之賬目內。

FINANCIAL INFORMATION

The results and cash flows of the Group for the year ended 31st December, 1997, and the state of affairs of the Company and of the Group as at that date, are set out in the accounts on pages 37 to 78.

五年財務摘要

本集團過去五個財政年度之業績、資產及負債摘要載於第79頁。

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 79.

主要供應商及客戶

本集團的首五大供應商及客戶的總購買及銷售之百分比各少於30%。

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate percentages of purchases and sales attributable to the Group's five largest suppliers and customers respectively are less than 30%.

股息

中期息每股5.0仙(一九九六年：4.5仙)已於一九九七年八月二十七日派發。董事會不建議就截至一九九七年十二月三十一日止之財政年度派發末期股息(一九九六年：每股11.5仙)。

DIVIDENDS

An interim dividend of 5.0 cents (1996: 4.5 cents) per share was paid on 27th August, 1997. The directors do not recommend the payment of a final dividend for the financial year ended 31st December, 1997 (1996: 11.5 cents per share).

股本

本公司在本年度法定股本及已發行股本之變動詳情及本公司在本年度內授出之購股權詳情載於第64至67頁之賬目附註22。

SHARE CAPITAL

Details of the movements in the authorised and issued share capital of the Company and of share options granted by the Company during the year are shown in note 22 to the accounts on pages 64 to 67.

股份優先購買權

本公司之細則中並無股份優先購買之規定，惟百慕達法例並無限制此等權利。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

儲備金

本年度儲備金之變動情況載於第68及69頁之賬目附註23。

RESERVES

Movements in reserves during the year are set out in note 23 to the accounts on pages 68 and 69.

固定資產

本年度內，集團共添置約70,200,000港元之固定資產。本年度固定資產之變動情況載於第57至59頁之賬目附註14。

FIXED ASSETS

During the year, the Group acquired fixed assets of approximately HK$70.2 million. Movements in fixed assets during the year are set out in note 14 to the accounts on pages 57 to 59.

附屬公司

本公司於一九九七年十二月三十一日之主要附屬公司之詳情載於第74至78頁之賬目附註31。

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st December, 1997 are set out in note 31 to the accounts on pages 74 to 78.

慈善捐款

本集團在本年度內之慈善捐款為66,590港元(一九九六年：367,969港元)。

CHARITABLE DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK$66,590 (1996: HK$367,969).

董事會

本年度內及截至本報告日為止之董事為：

劉國權先生
William Garrett Bennett 先生 （於一九九七年二月十一日獲委任）
畢滌凡先生
陳鉅添先生
張國良先生 （於一九九七年二月十一日獲委任）
馮永昌先生 （於一九九七年二月十一日獲委任）
吳士元先生 （於一九九七年二月十一日獲委任）
吳卓明先生
朱斌先生 （於一九九七年二月十一日辭任）

根據本公司細則第98條，畢滌凡先生及陳鉅添先生輪值告退，備選再任。

截至本報告日，本公司董事及本集團高級管理人員之履歷載於第6至8頁。

董事享有權益之合約

本公司或其任何附屬公司概無參與訂立於年終或年內任何時間使本公司任何董事擁有不論直接或間接之重大權益之合約。

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Mr. LAU Kwok Kuen, Peter	
Mr. William Garrett BENNETT	(appointed on 11th February, 1997)
Mr. Barry John BUTTIFANT	
Mr. CHAN Kui Tim, Jimmy	
Mr. CHEUNG Kwok Leung, Peter	(appointed on 11th February, 1997)
Mr. FUNG Wing Cheong, Charles	(appointed on 11th February, 1997)
Mr. NG Sze Yuen, Terry	(appointed on 11th February, 1997)
Mr. Edward James WU	
Mr. CHU Bun, Wilson	(resigned on 11th February, 1997)

Messrs. Barry John Buttifant and Chan Kui Tim, Jimmy retire in accordance with Bye-Law 98 of the Company's Bye-Laws and, being eligible, offer themselves for re-election.

Biographical details of the directors of the Company and senior management of the Group as at the date of this report are set out on pages 6 to 8.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the year to which the Company or any of its subsidiaries was a party.

董事於股份之權益

於一九九七年十二月三十一日，董事實益擁有本公司的股份如下：

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31st December, 1997, the interests of the directors in the share capital of the Company were as follows:

董事 Director	持有股份數目及權益性質 Number of shares held and nature of interest				已授出而尚未行使之購股權可認購股份之數目 Number of shares over which options have been granted which remained outstanding
	個人 Personal	家族 Family	公司 Corporate	總額 Total	
劉國權 Lau Kwok Kuen, Peter	2,500,000	–	–	2,500,000	15,000,000
陳鉅添 Chan Kui Tim, Jimmy	780,000	–	–	780,000	11,000,000
張國良 Cheung Kwok Leung, Peter	–	–	–	–	1,600,000
馮永昌 Fung Wing Cheong, Charles	–	–	–	–	700,000
吳士元 Ng Sze Yuen, Terry	380,000	–	–	380,000	700,000

除以上所述外，各董事及彼等之聯繫人士概無於本公司或其任何聯繫公司(按證券(披露權益)條例(「該條例」)之涵義)之股本權益中擁有任何須遵照該條例第28條知會本公司及香港聯合交易所有限公司(「聯交所」)之權益(包括根據該條例第31條或附件第I部被視為或假定擁有之權益)或須遵照該條例第29條列入所述之登記名冊內之權益。

Save as disclosed above, none of the directors and their associates had any interests in the share capital of the Company or its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("Ordinance")) which have to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to section 28 of the Ordinance (including interests which they are deemed or taken to have under section 31 or Part I of the Schedule to the Ordinance) or which are required, pursuant to section 29 of the Ordinance, to be entered in the register referred to therein.

董事購入股份或債券之權利

本年度內，本公司沒有向本公司之董事授予任何可認購本公司股份之購股權。並且，沒有任何董事行使於年前授予之購股權。

除上述者外，本公司或其任何附屬公司年內概無訂立任何安排，致使本公司董事可藉購入本公司或其他法團之股份或債券而獲益。

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year, none of the directors of the Company was granted options to subscribe for shares of the Company. In addition, none of the options granted to the directors previously was exercised by the directors during the year.

Apart from the above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

主要股東權益

於一九九七年十二月三十一日，根據該條例第16條，下列資料已記錄在由本公司保存之登記冊內：

(i) 本公司股本中之股份82,043,300股乃由保管人代 Tiger Management L.L.C.（「TMLLC」）及 Tiger Performance L.L.C.（「TPLLC」）持有。Julian H. Robertson, Jr. 先生為 Tiger Management Corporation（「TMC」）（乃TMLLC 及 TPLLC 之高級管理成員）之唯一股東。TMLLC、TPLLC、TMC 及 Julian H. Robertson, Jr. 先生與本集團概無關連。

(ii) Merrill Lynch International 乃 TMLLC 及 TPLLC 管理之基金及投資組合的全球性保管人之一。Merrill Lynch International 所持有之股份乃以 HKSCC (Nominees) Limited 名義持有。

除以上所述外，各董事並不察覺任何人士通知，謂其持有本公司已發行股份10%或以上而須予披露。

服務合約

本公司及其一間附屬公司與陳鉅添先生已訂立服務合約，該合約為期五年由一九九八年一月一日至二零零二年十二月三十一日止。陳鉅添先生在即將召開之股東週年大會上備選再任本公司董事。

除上述披露者外，在即將召開之股東週年大會上備選再任之董事概無與本公司或其任何附屬公司於一年內終止而無須作出賠償（法定補償除外）之服務合約。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 31st December, 1997 the following information was recorded in the register kept by the Company under section 16 of the Ordinance:

(i) 82,043,300 shares of the Company were held by custodian(s) for Tiger Management L.L.C. ("TMLLC") and Tiger Performance L.L.C. ("TPLLC"). Mr. Julian H. Robertson, Jr. is a sole shareholder of Tiger Management Corporation ("TMC"), the senior managing member of both TMLLC and TPLLC. None of TMLLC, TPLLC, TMC or Mr. Julian H. Robertson, Jr. is related to the Group.

(ii) Merrill Lynch International serves as one of the global custodians for the various funds and investment portfolios managed by TMLLC and TPLLC. The shares held by Merrill Lynch International are registered in the name of HKSCC (Nominees) Limited.

Save as disclosed above, the directors are not aware of any other person having an interest in shares representing 10% or more of the issued share capital of the Company.

SERVICE CONTRACTS

The Company and a subsidiary have entered into service contracts with Mr. Chan Kui Tim, Jimmy, who is proposed for re-election as director of the Company at the Company's forthcoming annual general meeting, which are both for a fixed term of five years commencing on 1st January 1998 and expiring on 31st December, 2002.

Save as aforesaid, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

購回、售出或贖回本公司上市股份

本公司於本年度內在聯交所購回共8,746,000股本公司之股份，所有購回之股份已被本公司註銷。董事會認為購回股份可提高本公司之每股盈利及價值。有關在本年度內購回股份之詳情載於第67頁之賬目附註22(b)。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased a total of 8,746,000 of its own shares on the Stock Exchange, all of which had been cancelled. The directors consider the share repurchases will lead to an enhancement of the Company's earnings and the value of its shares. Details on the shares repurchased during the year are set out in note 22(b) to the accounts on page 67.

銀行貸款、透支及其它借款

於一九九七年十二月三十一日，銀行貸款、透支及其他借款於以下期間償還：

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The bank loans, overdrafts and other borrowings as at 31st December, 1997 are repayable over the following periods:

		銀行貸款及透支 Bank loans and overdrafts 千港元 HK$'000	融資租賃債務 Obligations under finance leases 千港元 HK$'000
即付或一年內	On demand or within one year	7,128	4,298
一年至兩年內	Between one and two years	—	4,311
兩年至五年內	Between two and five years	—	12,772
五年以上	Over five years	—	9,225
		7,128	30,606

公司管治

董事會認為，本公司於本年度內均遵守在上市規則附錄14中所載之最佳應用守則(除指引7：本公司之非執行董事乃根據本公司細則獲委任至輪值告退為止；及指引11：根據公司政策，董事酬金是由本公司董事會委任之補償委員會(由兩位執行董事、兩位獨立非執行董事及一位獨立管理顧問組成)處理)。

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year, except in relation to guideline 7: as non-executive directors of the Company are appointed for a term expiring upon their retirement by rotation as required by the Company's Bye-Laws; and guideline 11: as a matter of Company policy, remuneration of directors is dealt with by a compensation committee appointed by the board of directors of the Company which comprises two executive directors, two independent non-executive directors and an independent management consultant.

應付公元2000年電腦程式問題

本集團已著手解決公元2000年的電腦程式問題，及採取適當的措施確保本集團現正使用之電腦系統符合公元2000年之要求。本集團已準備足夠資源，以便可順利完成系統轉換，本集團預期該轉換工作將於一九九八年年底完成。測試及全面應用系統亦預期可於一九九九年年初完成。因此，公元2000年電腦程式問題將不會對本集團運作構成任何不利影響。

YEAR 2000 COMPLIANCE

The Group has initiated a compliance programme to ensure that the computer systems in use within the Group are "Year 2000 Compliant". Resources have been made available to effect an orderly conversion of the systems and it is expected that conversion work be completed by the end of 1998. Testing and full implementation are scheduled to be completed by early 1999. Therefore, the Year 2000 issue will not have any adverse effect on the operations of the Group.

核數師

再聘任已任滿之核數師永道會計師事務所之決議案，將於股東週年大會上提出。

AUDITORS

A resolution to reappoint the retiring auditors, Coopers & Lybrand, will be submitted at the Annual General Meeting.

承董事會命

On behalf of the board

劉國權
主席

LAU KWOK KUEN, PETER
Chairman

香港，一九九八年五月十四日

Hong Kong, 14th May, 1998

Coopers
&Lybrand

永道會計師事務所

致 GIORDANO INTERNATIONAL LIMITED
(於百慕達註冊成立之有限公司) **各股東**

本核數師(以下簡稱「我們」)已完成審核刊於第37至78頁按照香港公認會計原則編製的財務報表。

董事及核數師各自的責任
公司董事有責任編製真實與公平的財務報表。在編製該等財務報表時，董事必須貫徹採用合適的會計政策。

我們的責任是根據我們審核工作的結果，對該等財務報表作出獨立意見，並向股東報告。

意見的基礎
我們是按照香港會計師公會頒佈的核數準則實行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等財務報表時所作的重大估計和判斷、所釐定的會計政策是否適合 貴公司及 貴集團的具體情況、及有否貫徹運用並足夠披露該等會計政策。

我們在策劃和進行審核工作時，均以取得一切我們認為必須的資料及解釋為目標，使我們能獲得充份的憑證，就該等財務報表是否存有重要錯誤陳述，作合理的確定。在作出意見時，我們亦已衡量該等財務報表所載資料在整體上是否足夠。我們相信，我們的審核工作已為下列意見建立合理的基礎。

意見
我們認為，上述的財務報表均真實與公平地反映 貴公司及 貴集團於一九九七年十二月三十一日的財政狀況及 貴集團截至該日止年度的溢利和現金流量，並已按照《香港公司條例》之披露規定適當編製。

永道會計師事務所
香港執業會計師
香港，一九九八年五月十四日

TO THE MEMBERS OF
GIORDANO INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the accounts set out on pages 37 to 78 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS
The Company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION
We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION
In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1997 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Coopers & Lybrand
Certified Public Accountants
Hong Kong, 14th May, 1998

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 1997

		附註 Note	**1997 千港元 HK$'000**	1996 千港元 HK$'000
營業額	Turnover	2	**3,014,364**	3,522,047
除特殊項目外之經營溢利	Operating profit excluding exceptional items	4	**172,030**	293,531
特殊項目	Exceptional items	7	**(116,166)**	—
經營溢利	Operating Profit		**55,864**	293,531
應佔聯營公司之溢利	Share of profit of associated companies		**26,148**	21,871
除税前溢利	Profit before taxation		**82,012**	315,402
税項	Taxation	8	**(19,351)**	(54,170)
除税後溢利	Profit after taxation		**62,661**	261,232
少數股東權益	Minority interest		**5,314**	1
股東應佔溢利	Profit attributable to the shareholders	9	**67,975**	261,233
股息	Dividends	10	**34,835**	113,492
每股盈利	Earnings per share	11	**9.6¢**	36.9¢

載於第41至78頁之附註為本賬目之一部份。

The notes on pages 41 to 78 form an integral part of these accounts.

核數師報告書載於第36頁。

Auditors' report — page 36

BALANCE SHEETS

At 31st December, 1997

			集團 Group		公司 Company	
			1997	1996	**1997**	1996
		附註 Note	**千港元 HK$'000**	千港元 HK$'000	**千港元 HK$'000**	千港元 HK$'000
無形資產	Intangible assets	12	**2,505**	4,974	**—**	—
遞延稅項	Deferred taxation	13	**4,566**	3,334	**(93)**	—
固定資產	Fixed assets	14	**284,084**	354,576	**1,209**	1,880
發展中物業	Property under development	15	**106,765**	99,454	**—**	—
所佔附屬公司之權益	Interest in subsidiaries	16	**—**	—	**1,090,952**	1,145,506
所佔聯營公司之權益	Interest in associated companies	17	**42,096**	43,763	**—**	—
其他投資	Other investments	18	**122**	835	**—**	—
流動資產	Current assets	19	**978,527**	1,083,809	**61,084**	49,787
流動負債	Current liabilities	20	**(324,328)**	(413,535)	**(8,453)**	(84,413)
流動資產／(負債)淨值	Net current assets/ (liabilities)		**654,199**	670,274	**52,631**	(34,626)
			1,094,337	1,177,210	**1,144,699**	1,112,760
股本	Share capital	22	**70,528**	71,057	**70,528**	71,057
儲備金	Reserves	23	**998,413**	1,067,210	**1,074,171**	1,041,703
股東資金	Shareholders' funds		**1,068,941**	1,138,267	**1,144,699**	1,112,760
融資租賃債務－長期	Obligations under finance leases-long term portion	24	**26,308**	30,686	**—**	—
少數股東權益及貸款	Interests of and loan from minority shareholders	25	**(912)**	8,257	**—**	—
			1,094,337	1,177,210	**1,144,699**	1,112,760

此等賬目已於一九九八年五月十四日經董事會批准

Approved by the Board of Directors on 14th May, 1998

劉國權
LAU KWOK KUEN, PETER
董事
Director

陳鉅添
CHAN KUI TIM, JIMMY
董事
Director

載於第41至78頁之附註為本賬目之一部份。

The notes on pages 41 to 78 form an integral part of these accounts.

核數師報告書載於第36頁。

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CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 1997

		附註 Note	1997 千港元 HK$'000	1996 千港元 HK$'000
經營業務所得現金流入淨額	**Net cash inflow from operating activities**	28	**297,230**	289,608
投資回報與融資償還：	**Returns on investments and servicing of finance:**			
收取利息	Interest received		**9,269**	5,653
支付利息	Interest paid		**(635)**	(2,839)
融資租賃之利息支出	Interest on finance leases		**(3,144)**	(3,136)
收取聯營公司股息	Dividends received from associated companies		**10,437**	208
支付股息	Dividends paid		**(116,378)**	(95,662)
投資回報與融資償還之現金流出淨額	**Net cash outflow from returns on investments and servicing of finance**		**(100,451)**	(95,776)
稅項：	**Taxation:**			
繳付香港利得稅	Hong Kong profits tax paid		**(15,403)**	(4,370)
繳付海外稅項	Overseas tax paid		**(23,952)**	(34,366)
已繳稅項	**Tax paid**		**(39,355)**	(38,736)
投資業務：	**Investing activities:**			
購買固定資產	Purchase of fixed assets		**(70,240)**	(94,927)
發展中物業之增加	Additions to property under development		**(7,311)**	(50,749)
銷售固定資產收入	Proceeds from sale of fixed assets		**3,478**	3,589
出售其他投資項目收入	Proceeds from sale of other investments		**1,095**	210
購買附屬公司餘下權益	Purchase of remaining interest in subsidiaries		**—**	(36,437)
購買聯營公司權益	Purchase of interest in an associated company		**—**	(1,263)
購買無形資產	Purchase of intangible assets		**(822)**	(841)
投資業務之現金流出淨額	**Net cash outflow from investing activities**		**(73,800)**	(180,418)
集資前之現金流入/(流出)淨額轉第40頁	**Net cash inflow/(outflow) before financing carried forward to page 40**		**83,624**	(25,322)

載於第41至78頁之附註為本賬目之一部份。

The notes on pages 41 to 78 form an integral part of these accounts.

核數師報告書載於第36頁。

Auditors' report — page 36

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 1997

		附註 Note	1997 千港元 HK$'000	1996 千港元 HK$'000
集資前之現金流入/(流出)淨額 承第39頁	**Net cash inflow/(outflow) before financing brought forward from page 39**		**83,624**	(25,322)
集資：	**Financing:**			
償還融資租賃債務	Repayment of obligations under finance leases	29	**(4,347)**	(4,396)
發行股份收入	Proceeds from issue of share capital	29	**10,910**	12,884
股份購回	Repurchase of shares	22	**(37,708)**	—
集資所得現金(流出)/流入淨額	**Net cash (outflow)/inflow from financing**		**(31,145)**	8,488
現金及現金等額之增加/(減少)	**Increase/(decrease) in cash and cash equivalents**		**52,479**	(16,834)
年初現金及現金等額結存	**Cash and cash equivalents at the beginning of the year**		**178,081**	196,408
外幣匯率變動之影響	**Effect of foreign exchange rate changes**		**(38,323)**	(1,493)
年終現金及現金等額結存	**Cash and cash equivalents at the end of the year**	30	**192,237**	178,081

載於第41至78頁之附註為本賬目之一部份。

The notes on pages 41 to 78 form an integral part of these accounts.

核數師報告書載於第36頁。

Auditors' report — page 36

1. 主要會計政策

本賬目均按照香港公認會計原則及香港會計師公會頒佈之會計實務準則編制。在編制賬目中所採用之主要會計政策列出如下：

(a) 綜合基準

(i) 綜合賬目包括本公司及其附屬公司截至一九九七年十二月三十一日止之賬目。

(ii) 集團內部之重大交易及賬目已於綜合賬目時撇銷。

(iii) 於本年度內收購之附屬公司業績由收購生效日起計算在綜合損益賬內。

(iv) 少數股東權益指外界股東所佔附屬公司經營成果及資產淨值之權益。

(v) 於綜合賬目時產生之綜合資本儲備金或商譽是指收購附屬公司時該附屬公司資產淨值之公平價值超越或低於投資成本所產生之數。

(vi) 於綜合賬目時產生之綜合資本儲備金直接撥入儲備金內。而綜合商譽會於綜合資本儲備賬目內抵銷，如儲備金不足以抵銷，便在其它儲備金賬目中撇除。

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and the accounting standards issued by the Hong Kong Society of Accountants. The principal accounting policies which have been adopted in the preparation of these accounts are set out below:

(a) Basis of consolidation

(i) The consolidated accounts incorporate the accounts of the Company and its subsidiaries made up to 31st December, 1997.

(ii) All material intercompany transactions and balances within the Group are eliminated on consolidation.

(iii) The results of subsidiaries acquired during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition.

(iv) Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(v) Capital reserve or goodwill arising on consolidation represents the excess or deficit respectively of the fair value of the net assets of the subsidiaries at the dates of acquisition over the value of the consideration paid.

(vi) Capital reserve arising on consolidation is taken directly to reserves. Goodwill arising on consolidation is eliminated against any capital reserve arising on consolidation and, where the reserve is insufficient, against other available reserves.

核數師報告書載於第36頁 Auditors' report — page 36

1. 主要會計政策(續)

(b) 附屬公司

附屬公司為本集團直接或間接持有該等公司多於50%之投票權或已發行之股本或擁有組成董事會之控制權。

附屬公司投資數額，以成本納入本公司賬目內，並根據董事之意見減除永久減值準備。

(c) 聯營公司

聯營公司並非附屬公司，而集團擁有其股權作為長期投資，並可對其管理有重大影響力者。在集團方面，聯營公司業績以權益入賬法列入賬內；而在公司方面，以成本並減除所需永久減值準備列賬。

(d) 固定資產

(i) 永久業權土地以成本值入賬及不作攤銷。

(ii) 租約土地及其樓宇、裝修及其它固定資產以成本值扣除累積攤銷或折舊後入賬。成本值指資產之購買價格及其他有關費用。

(iii) 租約土地之攤銷是以其賬面金額按剩餘租約年期計算。

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(b) Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than 50% of its voting power or issued share capital or controls the composition of its board of directors.

Investments in subsidiaries are carried in the Company's balance sheet at cost, unless, in the opinion of the directors, there has been a permanent diminution in value when they are written down to directors' valuation.

(c) Associated companies

Associated companies are those other than subsidiaries in which the Group holds a long term equity investment and has the ability to exercise a significant influence in their management. Associated companies are accounted for by the Group under the equity method of accounting, and by the Company at cost less any provision required for permanent diminution in value.

(d) Fixed assets

(i) Freehold land is stated at cost and is not amortised.

(ii) Leasehold land and buildings, leasehold improvements and other fixed assets are stated at cost less accumulated amortisation or depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

(iii) Amortisation of leasehold land is calculated to write off its cost over the unexpired period of the lease.

核數師報告書載於第36頁 Auditors' report — page 36

1. 主要會計政策(續)

(d) 固定資產(續)

(iv) 持有租約之土地其樓宇及裝修之折舊是以其賬面金額按剩餘租約年期或其估計於本集團可使用年期兩者之較短者計算。資產賬面金額指包括在資產負債表內以成本值或估值價經扣除累積折舊之金額。

(v) 其他固定資產之折舊乃將資產成本值按其估計於本集團可使用年期以直線方式撇銷，採用之主要折舊年率如下：

機器及設備	
傢俬及固定裝置	
辦公室設備	
汽車	
遊艇	

(vi) 出售固定資產之溢利或虧損是出售淨收益與有關資產之賬面金額之差額，並於損益賬內處理。

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(d) Fixed assets (cont'd)

(iv) Depreciation of leasehold buildings and improvements is calculated to write off their carrying amounts over the unexpired periods of the leases or their expected useful lives to the Group whichever is shorter. An asset's carrying amount is the amount at which it is included in the balance sheet, whether at cost or valuation, after deducting any accumulated depreciation.

(v) Depreciation of other fixed assets is calculated to write off their costs on the straight line basis over their expected useful lives to the Group. The principal annual rates used for this purpose are:

Plant and machinery	20%
Furniture and fixtures	20% – 50%
Office equipment	20% – 25%
Motor vehicles	20% – 25%
Leisure boat	20%

(vi) The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

核數師報告書載於第36頁 Auditors' report — page 36

1. 主要會計政策(續)

(d) 固定資產(續)

(vii) 租賃資產

如資產是經融資租賃合約取得，而主要的風險及回報權益除卻合法擁有權均轉移到集團，此等資產當作已購買，並以相等於成本值之金額列入固定資產中。而對應之租賃付款承擔則列入融資租賃債務中。支付給出租人之款項是包括本金及利息。此等利息之費用已於損益賬中處理。融資租賃之資產折舊是按其估計可使用之年期或租賃期兩者之較短者計算。其它租賃均以營業租約入賬，而此等租金於租賃期內之支出已在損益賬中處理。

(e) 發展中物業

發展中物業以成本值入賬。此成本值包括土地及有關發展之成本。待發展工程及建築完成後，發展中物業將重新列為土地及樓宇。

(f) 無形資產

零售商店及辦公室之開辦費及租約溢價分類為無形資產並以成本值扣除累積攤銷入賬及按各有關之租約期限以直線法作攤銷。

(g) 其他投資

購入之會所債券予以資本化及於三年內攤銷。

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(d) Fixed assets (cont'd)

(vii) Leased assets

Where assets are acquired through finance leases under which substantially all the risks and rewards of ownership, other than legal title, are transferred to the Group, the assets are treated as if they had been purchased. An amount equivalent to the cost is recorded as a fixed asset. The corresponding lease commitments are shown as obligations under finance leases. Payments to the lessor are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account. Assets held under finance leases are depreciated over the shorter of their estimated useful lives or lease periods. All other leases are accounted for as operating leases and the rental payments are charged to the profit and loss account over the lease periods.

(e) Property under development

Property under development are stated at cost. Cost comprises land and related development costs. Property under development will be reclassified as land and buildings upon the completion of the construction and development work.

(f) Intangible assets

Preliminary expenses and lease premiums in respect of retail shops and office premises are classified as intangible assets and are stated at cost less accumulated amortisation. Amortisation is provided on the straight line basis over the terms of the respective leases.

(g) Other investments

Purchased club debentures are capitalised and amortised over a period of three years.

核數師報告書載於第36頁 Auditors' report — page 36

1. 主要會計政策(續)

(h) 存貨

存貨按成本與可變現淨值兩者中之較低值入賬。成本乃按加權平均之基準並按下列方法計算：

(i) 原料及購入貨品 — 按發票價加採購成本。

(ii) 在製貨品及製成品 — 直接物料成本、直接勞工成本及應佔之生產費用。

可變現淨值乃存貨在正常業務情況下之售價扣除變賣費用，及扣除製成產品之估計成本。

(i) 稅項

稅項乃根據是年度之溢利計算，且已就若干毋須課稅或不獲寬減之項目作出調整。部份收入及支出項目在稅務上及賬目上計入不同年度而引致時間差距。倘若時差在稅項上之影響有可能在可見將來確定為稅務負債或資產，則在賬目中採用負債法作出準備。

(j) 外幣換算

年內之外幣交易乃按交易當日之匯率換算為港元。以外幣結算之貨幣性資產及負債均以資產負債表結算日之匯率換算成為港元入賬。所產生之匯兑差額均已計入經營業績內。

1. **PRINCIPAL ACCOUNTING POLICIES** (cont'd)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and is arrived at as follows:

(i) Raw materials and purchased goods - invoiced prices plus procurement costs.

(ii) Work in progress and finished goods - cost of direct materials, direct labour and an appropriate proportion of production overheads.

Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

(i) Taxation

The charge for taxation is based on the profit for the year as adjusted for items which are non-assessable or disallowable. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the accounts. The tax effect of timing differences, computed under the liability method, is recognised in the accounts to the extent that it is probable a liability or an asset will crystallise in the foreseeable future.

(j) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are incorporated into the accounts by translating foreign currencies into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising therefrom are included in operating results.

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1. 主要會計政策(續)

(j) 外幣換算(續)

海外附屬公司及分公司之賬目乃按資產負債表結算日之匯率換算成為港元。此等公司之股本(包括等同股本之永久性質的長期貸款)及期初儲備金之匯兑差額已直接撥入匯兑儲備金內。

(k) 收入

年內銷貨收入乃基於貨物已銷售及交收。

(l) 借貸成本

借貸成本是按其年內支出在損益表內列支。

2. 營業額

營業額包括於年內售予集團以外客戶之售貨值，並已扣除退貨及折扣。

3. 收入

於本年度內之主要收入類別的金額如下：

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

(j) Translation of foreign currencies (cont'd)

The accounts of overseas subsidiaries and branches at the year end are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the translation of share capital (including long term loans which are as permanent as equity in nature) and opening reserves of these entities are taken directly to exchange reserve.

(k) Revenue

Revenue in respect of goods sold during the year is recognised on the basis of goods sold and delivered.

(l) Borrowing costs

All borrowing costs were recognised as an expense in the period in which they were incurred.

2. TURNOVER

Turnover comprises the total amount receivable for the year from sales to customers outside the Group at invoiced value, less returns and discounts.

3. REVENUE

The amounts of each major category of revenue recognised during the year are as follows:

		集團 Group	
		1997 千港元 **HK$'000**	1996 千港元 HK$'000
零售及分銷業務之營業收入	Sales revenue from retailing and distribution operations	**2,732,766**	3,061,168
製衣業務之營業收入	Sales revenue from manufacturing operations	**281,598**	460,879

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4. 除特殊項目外之經營溢利 / 4. OPERATING PROFIT EXCLUDING EXCEPTIONAL ITEMS

		集團 Group	
		1997	1996
		千港元	千港元
		HK$'000	HK$'000
除特殊項目外之經營溢利已扣除下列各項：	**The operating profit excluding exceptional items is stated after charging:**		
核數師酬金	Auditors' remuneration	**2,402**	1,815
已擁有固定資產折舊	Depreciation of owned fixed assets	**95,584**	109,802
融資租賃之固定資產折舊	Depreciation of fixed assets held under finance leases	**2,943**	2,893
無形資產攤銷	Amortisation of intangible assets	**1,547**	1,760
其他投資攤銷	Amortisation of other investments	**713**	1,277
銀行貸款及透支（一年內償還）之利息	Interest on bank loans and overdrafts repayable within 1 year	**635**	2,839
零售商店、辦公室、工廠及貨倉之營業租約費用	Operating lease rentals in respect of retail shops, office premises, factories and warehouses	**418,352**	477,202
融資租賃之利息支出	Interest on finance leases	**3,144**	3,136
出售固定資產之虧損	Loss on disposal of fixed assets	**484**	—
並已計入：	**and after crediting:**		
利息收入	Interest income	**9,269**	5,653
暫時轉撥出口配額所得之收入淨額	Net income arising from the temporary transfer of export quota entitlements	**3,343**	3,681
出售固定資產之盈利	Profit on disposal of fixed assets	**—**	743
出售其他投資項目之盈利	Profit on disposal of other investments	**1,095**	210

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5. 董事及高級管理人員酬金

(a) 獨立非執行董事酬金如下：

		1997 千港元 HK$'000	1996 千港元 HK$'000
董事袍金	Directors' fees	**480**	480

(b) 執行董事酬金如下：

		1997 千港元 HK$'000	1996 千港元 HK$'000
董事管理酬金：	For management:		
基本薪金、房屋津貼、其他津貼及實物收益	Basic salaries, housing allowances, other allowances and benefits in kind	**11,721**	8,375
獎金	Bonuses	**6,934**	9,281
退休金供款	Pension contributions	**484**	323
		19,139	17,979

於本年度內，本公司沒有授出可認購普通股之購股權予任何董事。

5. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Independent non-executive directors' emoluments are as follows:

(b) Executive directors' emoluments are as follows:

During the year, none of the directors of the Company was granted options to subscribe for shares of the Company.

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5. 董事及高級管理人員酬金(續)

(c) 董事數目按酬金組別歸類如下。酬金指本公司董事在各財政年度任期內已收或應收之款項並不包括從購股權計劃中購買本公司之普通股而獲得或將會獲得之利益。

5. **DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS** (cont'd)

(c) The number of directors whose emoluments fell within the following bands are set out below. The emoluments represent the amounts paid to or receivable by the directors while being directors of the Company in the respective financial years and do not include the benefits derived or to be derived from the options granted under the option scheme to acquire the ordinary shares of the Company.

董事酬金 **Directors' emoluments** 港元 HK$	董事數目 **Number of directors** **1997**	 1996
0 – 1,000,000	**3**	4
1,000,001 – 1,500,000	**4**	1
2,000,001 – 2,500,000	**—**	1
3,500,001 – 4,000,000	**—**	1
4,500,001 – 5,000,000	**1**	—
8,500,001 – 9,000,000	**1**	—
10,500,001 – 11,000,000	**—**	1
	9	8

截至一九九七年十二月三十一日止，並無董事放棄酬金。

No directors have waived emoluments in respect of the year ended 31st December, 1997.

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5. 董事及高級管理人員酬金(續)

(d) 五位最高薪職員中，三位(一九九六年：三位)為本公司董事，其酬金之詳情已於前段披露。其餘兩位最高薪職員，其酬金總額如下：

	1997 千港元 HK$'000	1996 千港元 HK$'000
基本薪金、房屋津貼、其他津貼及實物收益	**4,137**	2,970
獎金	**666**	406
退休金供款	**191**	115
	4,994	3,491

兩位最高薪職員數目按酬金組別歸類如下：

酬金 Emoluments 港元 HK$	人數 Number of Individuals 1997	1996
1,500,001 – 2,000,000	**—**	2
2,000,001 – 2,500,000	**1**	—
2,500,001 – 3,000,000	**1**	—
	2	2

5. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (cont'd)

(d) Among the five highest paid individuals, three (1996: three) are directors of the Company and the details of their remuneration have already been disclosed in the preceding paragraph. The aggregate amounts of the remaining two highest paid individuals are as follows:

	1997 千港元 HK$'000	1996 千港元 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**4,137**	2,970
Bonuses	**666**	406
Pension contributions	**191**	115
	4,994	3,491

The emoluments of the two highest paid individuals fell within the following bands:

Emoluments 港元 HK$	Number of Individuals 1997	1996
1,500,001 – 2,000,000	**—**	2
2,000,001 – 2,500,000	**1**	—
2,500,001 – 3,000,000	**1**	—
	2	2

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6. 退休金計劃安排

本公司及部分全資附屬公司實行定額供款制公積金計劃(「佐丹奴計劃」)。虎威企業有限公司(本公司之全資附屬公司)亦分別實行定額供款制公積金計劃(「虎威計劃」)。在佐丹奴計劃及虎威計劃下,僱員及僱主分別按僱員每月的月薪5%供款。

在此等計劃下,僱員因終止合約而未能領取僱主之供款,僱主則利用此筆款項減低其將來之供款水平。截至一九九七年十二月三十一日止年度,在佐丹奴計劃及虎威計劃下,此筆用作減低供款之款項數目分別為2,493,000港元(一九九六年:1,833,000港元)及742,000港元(一九九六年:186,000港元)。於一九九七年十二月三十一日,在佐丹奴計劃下,此等可用作減少來年僱主供款水平之款項為4,272,000港元(一九九六年:2,617,000港元)。於一九九七年十二月三十一日在虎威計劃下並無可用作減少來年僱主供款水平之款項(一九九六年:597,000港元)。

Giordano Originals (Singapore) Private Limited 及 Giordano (M) Sdn. Bhd. 為本公司在新加坡及馬來西亞之附屬公司。該兩家公司分別參與由新加坡及馬來西亞政府制定之中央定額供款制公積金計劃。

本集團退休金費用在截至一九九七年十二月三十一日止年度損益賬中列支的數額為13,324,000港元(一九九六年:13,868,000港元)。

6. PENSION SCHEME ARRANGEMENTS

The Company and certain of its wholly-owned subsidiaries operate a defined contribution provident fund scheme (the "Giordano Scheme"). Tiger Enterprises Limited (a wholly-owned subsidiary of the Company) also separately operates a defined contribution provident fund scheme (the "Tiger Scheme"). Under both the Giordano Scheme and the Tiger Scheme, contributions of 5% of the employee's monthly salary are made by each of the employer and the employee.

Under both schemes, the unvested benefits of employees terminating employment are utilised by the employers to reduce their future levels of contributions. The amounts of unvested benefits so utilised under the Giordano Scheme and the Tiger Scheme during the year ended 31st December, 1997 were HK$2,493,000 (1996: HK$1,833,000) and HK$742,000 (1996: HK$186,000) respectively. As at 31st December, 1997, the amount available for reducing the level of employer's contributions for the following year under the Giordano Scheme was HK$4,272,000 (1996: HK$2,617,000). No amount was available for reducing the level of employer's contributions for the following year under the Tiger Scheme as at 31st December, 1997 (1996: HK$597,000).

The Company's subsidiaries in Singapore and Malaysia, namely Giordano Originals (Singapore) Private Limited and Giordano (M) Sdn. Bhd., participate in central defined contribution provident fund schemes established by the Singaporean and Malaysian authorities respectively.

The Group's pension cost charged to the profit and loss account for the year ended 31st December, 1997 was HK$13,324,000 (1996: HK$13,868,000).

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7. 特殊項目

7. EXCEPTIONAL ITEMS

	集團 Group	
	1997	1996
	千港元	千港元
	HK$'000	HK$'000
於一九九七年十二月三十一日止年度之特殊項目包括:	**The exceptional items in the year ended 31st December, 1997 comprise:**	
外幣交易兑換之虧損	Loss on exchange	**23,997** —
中國海關之罰款準備(詳列如下)	Provision for penalty from the customs authorities in the PRC (see below)	**84,269** —
中國工商行政管理局之罰款準備	Provision for penalty from the Administration for Industry and Commerce in the PRC	**7,900** —
		116,166 —

本集團於一九九六年接獲中華人民共和國(「中國」)海關發出之罰款通知書並已提出上訴,本集團於一九九七年十一月十三日獲通知就有關罰款通知書於廣東省深圳市中級人民法院進行之上訴被判敗訴。本集團現正就此判決向廣東省高級人民法院提出上訴。雖然上訴仍未審結,董事會認為需採取較審慎之處理方法,就有關罰款通知書對本集團之影響作出全面撥備。

Notices of the penalty claims imposed by the customs authorities in the People's Republic of China (the "PRC") were received in 1996 and had since been under appeal. On 13th November, 1997, the Group was advised that it had lost its appeal to the Intermediate People's Court of Shenzhen, Guangdong Province, the PRC. The Group is now appealing against this decision in the Higher People's Court of Guangdong Province, the PRC. Although the outcome of the latest appeal is not known, the directors consider it prudent to make full provisions against the exposure to the Group in relation to these penalty claims.

有關罰款準備之金額部份已作為對有關接獲罰款通知書之附屬公司擁有之資產,包括租賃物業裝修、機器及設備及存貨,及本集團其他公司存放於該等附屬公司廠房之存貨(該等資產實際上已由於有關罰款而遭凍結)之價值作減值處理。董事會深信此處理方法已反映若最終上訴未能成功而導致本集團被迫將有關附屬公司進行清盤及撇除其資產對本集團產生之最大影響。

The provision for these penalty claims has been accounted for partially as a reduction in the values of the assets, including leasehold improvements, plant and machinery and inventories, of the subsidiaries which received the penalty notices, as well as the inventories placed by other group companies at their premises, which have been effectively frozen as a result of the claims. This treatment has been adopted as the directors believe that it is the maximum exposure to the Group had the Group been forced to wind up and write off the assets of these subsidiaries in the event that the appeal is unsuccessful.

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7. 特殊項目(續)

有關固定資產減值之詳情列於第57頁之附註14，而存貨之減值金額為64,677,000港元。

7. **EXCEPTIONAL ITEMS** (cont'd)

The amounts of reduction in value of fixed assets are detailed in Note 14 on page 57, and the amount of reduction in value of inventories was HK$64,677,000.

8. 稅項

(a) 稅項在綜合損益表內包括下列項目：

8. **TAXATION**

(a) The charge for taxation in the consolidated profit and loss account represents:

	集團 Group	
	1997 千港元 **HK$'000**	1996 千港元 HK$'000
公司及附屬公司： **Company and subsidiaries:**		
— 香港利得稅 — Hong Kong profits tax	**(1,708)**	12,884
— 海外稅項 — Overseas taxation	**16,468**	40,645
— 遞延稅項(附註13) — Deferred taxation (Note 13)	**(1,897)**	(5,274)
聯營公司： **Associated companies:**		
— 海外稅項 — Overseas taxation	**6,488**	5,915
	19,351	54,170

本公司及其香港附屬公司之稅項準備是根據本年度從香港取得之估計應課稅溢利按稅率16.5%(一九九六年：16.5%)計算。

The provision for taxation of the Company and its Hong Kong subsidiaries is calculated by applying the current rate of taxation of 16.5% (1996: 16.5%) to the estimated assessable profits earned in or derived from Hong Kong during the year.

本集團向香港稅務局要求本年度及過去年度支付某些特許權的費用合共約340,027,000港元作為稅務減項。其有關之稅項約為56,940,000港元。此等要求有待香港稅務局之認同。董事會認為可以成功取得香港稅務局之認同，因此並未在綜合賬目內作應付準備。

The Group has claimed deductions on certain royalty payments in the current and prior years totalling approximately HK$340,027,000. The tax effect thereof is approximately HK$56,940,000. The claim is subject to the endorsement of the Hong Kong Inland Revenue Department. The directors are of the opinion that the endorsement of the Hong Kong Inland Revenue Department will be successfully obtained and in consequence no provision is made in these accounts.

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8. 稅項(續)

其他於海外經營之附屬公司之利得稅項是根據該等國家稅例之稅率而計算。

(b) 資產負債表內之稅項指香港及海外利得稅項之金額，減去已付之暫繳稅款。

8. **TAXATION** (cont'd)

Taxation on the profits of other subsidiaries operating overseas is calculated at the rates applicable in the respective jurisdictions.

(b) Taxation in the balance sheet represents the amount provided for Hong Kong profits tax and overseas taxation less provisional tax paid.

9. 股東應佔溢利

股東應佔溢利67,975,000港元(一九九六年：261,233,000港元)，其中93,572,000港元(一九九六年：147,740,000港元)，包括來自附屬公司之股息109,088,000港元(一九九六年：146,197,000港元)，已在本公司之賬目內反映。

9. **PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS**

Included in the profit of HK$67,975,000 (1996: HK$261,233,000), attributable to the shareholders of the Company is HK$93,572,000 (1996: HK$147,740,000), including dividends from subsidiaries of HK$109,088,000 (1996: HK$146,197,000), which is dealt with in the Company's own accounts.

10. 股息

10. **DIVIDENDS**

	1997 千港元 **HK$'000**	1996 千港元 HK$'000
中期股息 — 每股5.0仙 (一九九六年：4.5仙) 於一九九七年八月二十七日派發	**34,835**	31,949
建議末期股息 — 無 (一九九六年：每股11.5仙)	**—**	81,543
	34,835	113,492

Interim dividend — 5.0 cents (1996: 4.5 cents) per share paid on 27th August, 1997

Proposed final dividend — Nil (1996: 11.5 cents per share)

11. 每股盈利

每股盈利乃按本年度股東應佔綜合溢利67,975,000港元(一九九六年：261,233,000港元)及本年度內已發行股份之加權平均數707,526,081股(一九九六年：708,680,599股)而計算。

11. **EARNINGS PER SHARE**

The calculation of earnings per share is based on the consolidated profit attributable to the shareholders for the year of HK$67,975,000 (1996: HK$261,233,000) and the weighted average of 707,526,081 shares (1996: 708,680,599 shares) in issue during the year.

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11. 每股盈利(續) / 11. EARNINGS PER SHARE (cont'd)

由於按購股權計劃而行使之購股權不會嚴重攤薄截至一九九七年十二月三十一日止年度之每股盈利，因此並無列示攤薄後之每股盈利。

The exercise of the options granted under the option scheme would not materially dilute the earnings per share in respect of the year ended 31st December, 1997 and accordingly the diluted earnings per share is not shown.

12. 無形資產 / 12. INTANGIBLE ASSETS

		集團 Group	
		1997 千港元 **HK$'000**	1996 千港元 HK$'000
零售店舖及辦公室之開辦費及租約溢價	Preliminary expenses and lease premiums in respect of retail shops and office premises	**6,622**	9,352
減：攤銷數額	Less: amounts amortised	**(4,117)**	(4,378)
		2,505	4,974

已購入之永久出口配額成本值共17,019,000港元於以前年度已完全攤銷。

Purchased permanent export quota entitlements with a total cost of HK$17,019,000 have been fully amortised in the previous years.

13. 遞延稅項 / 13. DEFERRED TAXATION

		集團 Group		公司 Company	
		1997 千港元 **HK$'000**	1996 千港元 HK$'000	**1997** 千港元 **HK$'000**	1996 千港元 HK$'000
一月一日之結餘	Balance at 1st January	**3,334**	(1,900)	**—**	—
上年度滾存之換算差額	Translation difference on opening balance	**(665)**	(40)	**—**	—
撥往／(自)損益賬(附註8(a))	Transfer to/(from) profit and loss account (Note 8(a))	**1,897**	5,274	**(93)**	—
十二月三十一日之結餘	Balance at 31st December	**4,566**	3,334	**(93)**	—

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13. 遞延稅項(續)

於結算日，在賬項內撥備之遞延稅項資產之主要項目如下：

13. **DEFERRED TAXATION** (cont'd)

At the balance sheet date, the major components of the deferred taxation assets provided for in the accounts are as follows:

		集團 Group	
		1997	1996
		千港元	千港元
		HK$'000	HK$'000
賬目內之折舊額高於折舊免稅額／(加速折舊免稅額)	Excess of depreciation charged in the accounts over depreciation allowances claimed/(accelerated depreciation allowances)	**952**	(1,093)
稅務虧損	Tax losses	**3,164**	4,248
其他	Others	**450**	179
		4,566	3,334

於一九九七年十二月三十一日因作稅項安排而扣除價值380,000,000港元「GIORDANO」商標所產生之稅項虧損，而未有在綜合賬目中作出處理的遞延稅項資產合共19,224,000港元(一九九六年：26,352,000港元)。

The deferred tax asset in respect of tax losses not taken up in the consolidated accounts as at 31st December, 1997 arising from the deduction of the GIORDANO trademark valued at HK$380,000,000 for tax purpose, was HK$19,224,000 (1996: HK$26,352,000).

除以上所述外，在結算日，本公司並無任何未撥備之重大遞延稅項。

Save as disclosed above, the Company did not have any significant unprovided deferred taxation at the balance sheet date.

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14. 固定資產

集團

14. FIXED ASSETS

Group

		永久業權之土地及樓宇 Freehold land & building	持有租約之土地及樓宇 Leasehold land & buildings	機器及設備 Plant & machinery	租賃物業裝修、傢俬、固定裝置及設備 Leasehold improvements, furniture, fixtures & office equipment	汽車及遊艇 Motor vehicles & leisure boat	總計 Total
		千港元 HK$'000	千港元 HK$'000	千港元 HK$'000	千港元 HK$'000	千港元 HK$'000	千港元 HK$'000
成本值	**Cost**						
於一九九七年一月一日	At 1st January, 1997	43,949	88,869	89,367	448,686	23,375	694,246
換算差額	Translation difference	(6,832)	—	(2,638)	(39,021)	(1,775)	(50,266)
添置	Additions	—	—	11,949	57,286	1,005	70,240
出售	Disposals	—	(1,635)	—	(37,922)	(1,715)	(41,272)
由於罰款引致之固定資產減值（附註7）	Reduction in value arising from penalty claims (Note 7)	—	—	(24,964)	(22,140)	(1,337)	(48,441)
於一九九七年十二月三十一日	At 31st December, 1997	37,117	87,234	73,714	406,889	19,553	624,507
累積折舊	**Aggregate depreciation**						
於一九九七年一月一日	At 1st January, 1997	899	7,430	45,159	274,325	11,857	339,670
換算差額	Translation difference	(140)	—	(838)	(18,990)	(766)	(20,734)
本年折舊	Charge for the year	607	3,626	12,165	78,424	3,705	98,527
出售	Disposals	—	(112)	—	(35,876)	(1,322)	(37,310)
由於罰款引致之固定資產減值（附註7）	Reduction in value arising from penalty claims (Note 7)	—	—	(20,354)	(18,229)	(1,147)	(39,730)
於一九九七年十二月三十一日	At 31st December, 1997	1,366	10,944	36,132	279,654	12,327	340,423
於一九九七年十二月三十一日之賬面淨值	**Net book value at 31st December, 1997**	**35,751**	**76,290**	**37,582**	**127,235**	**7,226**	**284,084**
於一九九六年十二月三十一日之賬面淨值	Net book value at 31st December, 1996	43,050	81,439	44,208	174,361	11,518	354,576

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14. 固定資產(續)

(a) 永久業權之土地及樓宇位於台灣。

(b) 持有租約之土地及樓宇位於中國，賬面價值9,179,000港元的物業是以長期租約持有，其餘物業是以中期租約持有(即少於50年但多於10年)。

(c) 於一九九七年十二月三十一日，以融資租賃購買之土地及樓宇之成本值及累積折舊分別為70,904,000港元(一九九六年：70,904,000港元)及8,508,000港元(一九九六年：5,672,000港元)。

(d) 於一九九七年十二月三十一日，以融資租賃購買之辦公室設備之總成本值及累積折舊分別為431,000港元(一九九六年：575,000港元)及173,000港元(一九九六年：115,000港元)。

14. **FIXED ASSETS** (cont'd)

(a) The freehold land and building is situated in Taiwan.

(b) The leasehold land and buildings are situated in the PRC. Properties with carrying value of HK$9,179,000 are held under long leases. The remaining properties are held under medium term leases (less than 50 years but more than 10 years).

(c) At 31st December, 1997, leasehold land and buildings with cost and aggregate depreciation of HK$70,904,000 (1996: HK$70,904,000) and HK$8,508,000 (1996: HK$5,672,000) respectively were held under finance leases.

(d) At 31st December, 1997, office equipment with a total cost and aggregate depreciation of HK$431,000 (1996: HK$575,000) and HK$173,000 (1996: HK$115,000) respectively were held under finance leases.

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14. 固定資產(續)

14. **FIXED ASSETS** (cont'd)

公司

Company

		租賃物業裝修、傢俬、固定裝置及設備 Leasehold improvements, furniture, fixtures & office equipment 千港元 HK$'000
成本值	**Cost**	
於一九九七年一月一日	At 1st January, 1997	3,060
添置	Additions	193
出售	Disposals	(83)
於一九九七年十二月三十一日	At 31st December, 1997	3,170
累積折舊	**Aggregate depreciation**	
於一九九七年一月一日	At 1st January, 1997	1,180
本年折舊	Charge for the year	790
出售	Disposals	(9)
於一九九七年十二月三十一日	At 31st December, 1997	1,961
於一九九七年十二月三十一日之賬面淨值	**Net book value at 31st December, 1997**	**1,209**
於一九九六年十二月三十一日之賬面淨值	Net book value at 31st December, 1996	1,880

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15. 發展中物業 / 15. PROPERTY UNDER DEVELOPMENT

		集團 Group	
		1997 千港元 **HK$'000**	1996 千港元 HK$'000
一月一日之結餘	Balance at 1st January	**99,454**	48,705
添置	Additions	**7,311**	50,749
十二月三十一日之結餘	Balance at 31st December	**106,765**	99,454

此物業位於中國及以長期租約持有，物業於建成及取得有關營業執照後，將作為本集團之生產廠房。

The property is situated in the PRC and is held under a long term lease. The property is being developed into factory premises for the manufacturing operations of the Group once the relevant business licences are obtained.

16. 所佔附屬公司之權益 / 16. INTEREST IN SUBSIDIARIES

		公司 Company	
		1997 千港元 **HK$'000**	1996 千港元 HK$'000
非上市股份 — 成本值	Unlisted investment, at cost	**786,919**	786,919
附屬公司欠款	Amounts due from subsidiaries	**304,033**	358,587
		1,090,952	1,145,506

附屬公司欠款均為無抵押及無固定還款期。除了若干全資附屬公司的欠款約25,000,000港元（一九九六年：74,000,000港元）為附息借款外，其他附屬公司欠款均為免息。

Amounts due from subsidiaries are unsecured and have no fixed terms of repayment. Apart from the interest bearing loans advanced to certain wholly owned subsidiaries of approximately HK$25 million (1996: HK$74 million), the remaining amounts due from subsidiaries are non-interest bearing.

主要附屬公司之詳情載於第74至78頁之賬目附註31。

Details of principal subsidiaries are set out in Note 31 to the accounts on pages 74 to 78.

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17. 所佔聯營公司之權益 / 17. INTEREST IN ASSOCIATED COMPANIES

		集團 Group	
		1997	1996
		千港元	千港元
		HK$'000	HK$'000
所佔資產淨值	Share of net assets	**48,854**	43,030
於收購時之溢價	Premium on acquisition of associated companies	**2,046**	2,046
匯兑調整	Exchange adjustment	**(8,804)**	(1,313)
		42,096	43,763

於一九九七年十二月三十一日，本集團持有以下聯營公司股份：

At 31st December,1997, the Group held shares in the following associated companies:

聯營公司名稱 Name of associate	**註冊成立地點 Place of incorporation**	**持有股份百分比 Percentage holding**		**已發行及全數繳足股份 Issued and fully paid share capital**	**主要業務及經營地區 Principal activities and place of operation**
		1997	1996		
Giordano Corporation Limited	大韓民國 Republic of Korea	**50**	50	普通股 5,000,000,000 韓國圜 Ordinary WON5,000,000,000	在韓國經營零售服裝及配襯用品 Retailing of apparel and accessories in Korea
Giordano Fashions (L.L.C.)	阿拉伯聯合酋長國 United Arab Emirates	**20**	20	普通股 3,000,000 沙地阿拉伯聯合酋長國迪拉姆 Ordinary AED3,000,000	在阿拉伯聯合酋長國經營零售服裝及配襯用品 Retailing of apparel and accessories in United Arab Emirates

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18. 其他投資 / 18. OTHER INVESTMENTS

		集團 Group	
		1997	1996
		千港元	千港元
		HK$'000	HK$'000
會所債券 — 成本值	Club debentures, at cost	**5,499**	6,391
減：攤銷數額	Less: amounts amortised	**(5,377)**	(5,556)
		122	835

19. 流動資產 / 19. CURRENT ASSETS

		集團 Group		公司 Company	
		1997	1996	**1997**	1996
		千港元	千港元	**千港元**	千港元
		HK$'000	HK$'000	**HK$'000**	HK$'000
存貨(附註21)	Inventories (Note 21)	**399,574**	555,446	**—**	—
應收賬款及票據	Trade and bills receivable	**113,573**	90,044	**—**	—
其他應收賬款、訂金及預付款項	Other receivables, deposits and prepayments	**266,015**	249,737	**2,628**	1,785
現金及銀行結餘	Cash and bank balances	**199,365**	188,582	**58,456**	48,002
		978,527	1,083,809	**61,084**	49,787

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20. 流動負債 / 20. CURRENT LIABILITIES

		集團 Group		公司 Company	
		1997	1996	**1997**	1996
		千港元	千港元	千港元	千港元
		HK$'000	HK$'000	**HK$'000**	HK$'000
應付賬款及票據	Trade and bills payable	**186,252**	184,900	**—**	—
其他應付賬款及應計費用	Other payables and accruals	**125,835**	104,685	**8,542**	2,853
融資租賃債務（附註24）	Obligations under finance leases (Note 24)	**4,298**	4,397	**—**	—
短期銀行貸款 — 無抵押	Short term bank loans — unsecured	**7,128**	10,429	**—**	—
稅項（附註8(b)）	Taxation (Note 8(b))	**815**	27,509	**(89)**	17
擬派發股息（附註10）	Proposed dividends (Note 10)	**—**	81,543	**—**	81,543
銀行透支	Bank overdrafts	**—**	72	**—**	—
		324,328	413,535	**8,453**	84,413

21. 存貨 / 21. INVENTORIES

		集團 Group	
		1997	1996
		千港元	千港元
		HK$'000	HK$'000
原料	Raw materials	**110,592**	108,343
在製貨品	Work in progress	**36,503**	129,270
製成品	Finished goods	**252,479**	317,833
		399,574	555,446

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22. 股本 / 22. SHARE CAPITAL

		1997 千港元 HK$'000	1996 千港元 HK$'000
法定股本： 1,000,000,000股普通股， 每股面值0.10港元	**Authorised:** 1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
已發行及全數繳足股本： 705,277,000股普通股， 每股面值0.10港元 （一九九六年：710,568,000股普通股， 每股面值0.10港元）	**Issued and fully paid:** 705,277,000 ordinary shares of HK$0.10 each (1996: 710,568,000 ordinary shares of HK$0.10 each)	**70,528**	71,057

於本年度內，股本之變動情況如下：

Details of the movements of the share capital during the year are set out below:

		股份數目 Number of shares 1997	 1996
每股面值0.10港元之普通股	Ordinary shares of HK$0.10 each		
於一月一日	At 1st January	**710,568,000**	707,923,000
於行使購股權發行之股份數目	Share options exercised	**3,455,000**	2,645,000
購回股份數目	Shares repurchased	**(8,746,000)**	—
於十二月三十一日	At 31st December	**705,277,000**	710,568,000

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22. 股本(續)

(a) 於本年度內，根據購股權計劃所授出購股權之變動情況如下：

22. **SHARE CAPITAL** (cont'd)

(a) Details of the movements in the share options granted under the option scheme during the year are set out as follows:

		已授出購股權股份數目 Number of shares over which options were granted	
		1997	1996
於一月一日	At 1st January	**47,427,000**	45,087,000
授出數量	Amount granted	**19,852,000**	11,780,000
行使數量	Amount exercised	**(3,455,000)**	(2,645,000)
失效數量	Amount lapsed	**(7,236,000)**	(6,795,000)
於十二月三十一日	At 31st December	**56,588,000**	47,427,000

(i) 於本年度內，本公司授出下列購股權予集團某些僱員：

(i) Options to subscribe for shares in the Company were granted during the year to certain employees of the Group as follows:

授出日期 Date of grant	已授出購股權股份數目 Number of shares over which options were granted	每股行使價 Exercise price per share 港元 HK$	行使期限 Exercise period
一九九七年十二月五日 5th December, 1997	6,580,000	1.756	由一九九八年十二月五日至二零零五年五月二十八日 From 5th December, 1998 to 28th May, 2005
一九九七年十二月五日 5th December, 1997	6,596,000	1.756	由一九九九年十二月五日至二零零五年五月二十八日 From 5th December, 1999 to 28th May, 2005
一九九七年十二月五日 5th December, 1997	6,676,000	1.756	由二零零零年十二月五日至二零零五年五月二十八日 From 5th December, 2000 to 28th May, 2005
	19,852,000		

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22. 股本(續)

(ii) 根據購股權計劃於年前授出之購股權，其中為數共3,455,000股每股面值0.10港元之股本已由僱員在本年度內行使。為此，本公司分別以現金溢價發行及配發以下每股面值0.10港元之股份予該等僱員：

股份數目 Number of shares	每股溢價 Premium per share 港元 HK$
150,000	4.34
1,345,000	3.11
20,000	3.16
920,000	3.01
970,000	2.80
50,000	3.63
3,455,000	

(iii) 在本年度內根據購股權計劃授予之7,236,000股購股權，因本集團僱員的辭任而失效。

22. **SHARE CAPITAL** (cont'd)

(ii) Options to subscribe for 3,455,000 shares of HK$0.10 each of the Company granted under the option scheme in previous years were exercised by certain employees of the Group during the year. In this connection, the Company issued and allotted shares of HK$0.10 each for cash at the premium set out below to such employees of the Group:

(iii) During the year, options to subscribe for a total of 7,236,000 shares in the Company granted under the option scheme were lapsed due to resignation of employees of the Group.

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22. 股本(續)

(b) 以下為本公司於本年度內於香港聯合交易所有限公司購回共8,746,000股本公司之股份，所有購回之股份已被本公司註銷：

22. **SHARE CAPITAL** (cont'd)

(b) During the year, the Company repurchased a total of 8,746,000 of its own shares on The Stock Exchange of Hong Kong Limited, all of which had been cancelled, as follows:

購回月份 Month of repurchase	每股面值0.10港元之股份數目 Number of shares of HK$0.10 each	每股價格 Price per share 最高 Highest 港元 HK$	每股價格 Price per share 最低 Lowest 港元 HK$	總價格 Aggregate price 港元 HK$
一九九七年三月 March 1997	2,676,000	4.50	4.35	11,896,158
一九九七年六月 June 1997	4,966,000	4.30	4.25	21,334,600
一九九七年十月 October 1997	1,104,000	4.25	2.65	4,299,800
	8,746,000			37,530,558

有關購回股份之總代價為37,708,020港元(包括購回股份之總價格37,530,558港元及有關費用177,462港元)已在滾存溢利中扣除。購回股份之面值874,600港元亦已從公司股本轉撥至資本贖回儲備內。

The aggregate consideration of HK$37,708,020, being the sum of the aggregate price of shares purchased of HK$37,530,558 and the relevant costs of HK$177,462, paid by the Company, was charged against the retained profits and the nominal value of the shares repurchased of HK$874,600 was transferred from share capital to capital redemption reserve.

除以上所述外，在本年度內本公司或其任何附屬公司概無在其他情況下購買、出售或贖回任何本公司之股份。

Save as disclosed above, neither the Company nor any of its subsidiaries, otherwise purchased, sold or redeemed any of the Company's shares during the year.

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23. 儲備金 / 23. RESERVES

		繳入盈餘 Contributed surplus 千港元 HK$'000	資本贖回儲備 Capital redemption reserve 千港元 HK$'000	股份溢價 Share premium 千港元 HK$'000	匯兑儲備金 Exchange reserve 千港元 HK$'000	其他儲備 Other reserves 千港元 HK$'000	滾存溢利 Retained profits 千港元 HK$'000	總數 Total 千港元 HK$'000
集團	**Group**							
於一九九七年一月一日	At 1st January, 1997	382,749	—	449,706	(17,947)	12,802	239,900	1,067,210
本年度溢利處理於：	Profit for the year dealt with by:							
公司及附屬公司	Company and subsidiaries	—	—	—	—	—	48,315	48,315
聯營公司	Associated companies	—	—	—	—	—	19,660	19,660
發行新股溢價	Premium on issue of shares	—	—	10,564	—	—	—	10,564
股份購回	Repurchase of shares	—	875	—	—	—	(37,708)	(36,833)
支付股息	Dividends paid	—	—	—	—	—	(34,835)	(34,835)
海外附屬公司及分公司賬目換算差額	Exchange differences arising from translation of the accounts of overseas subsidiaries and a branch	—	—	—	(75,668)	—	—	(75,668)
於一九九七年十二月三十一日	**At 31st December, 1997**	**382,749**	**875**	**460,270**	**(93,615)**	**12,802**	**235,332**	**998,413**
處理於：	Dealt with by:							
公司及附屬公司	Company and subsidiaries	382,749	875	460,270	(93,615)	12,802	197,757	960,838
聯營公司	Associated companies	—	—	—	—	—	37,575	37,575
		382,749	875	460,270	(93,615)	12,802	235,332	998,413

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23. 儲備金(續)

其他儲備乃根據中國有關法律及財務規定，從集團於中國之附屬公司按稅後溢利提取之儲備金及職工獎勵及福利基金。根據中國之有關規定，儲備基金可用於彌補虧損及增加該等附屬公司之資本額。

23. **RESERVES** (cont'd)

Other reserves represent the transfer of profit to the statutory reserve funds of the subsidiaries in the PRC in accordance with the relevant PRC laws and financial regulations. According to the relevant PRC regulations, the reserve funds may be used to make up prior years' losses, if any, and to increase the capital of the subsidiaries.

		繳入盈餘 Contributed surplus 千港元 HK$'000	資本贖回儲備 Capital redemption reserve 千港元 HK$'000	股份溢價 Share premium 千港元 HK$'000	滾存溢利 Retained profits 千港元 HK$'000	總數 Total 千港元 HK$'000
公司	**Company**					
於一九九七年一月一日	At 1st January, 1997	540,065	—	449,706	51,932	1,041,703
發行新股溢價	Premium on issue of shares	—	—	10,564	—	10,564
股份購回	Repurchase of shares	—	875	—	(37,708)	(36,833)
本年度溢利	Profit for the year	—	—	—	93,572	93,572
股息	Dividends	—	—	—	(34,835)	(34,835)
於一九九七年十二月三十一日	**At 31st December, 1997**	**540,065**	**875**	**460,270**	**72,961**	**1,074,171**

根據百慕達法例，繳入盈餘可供派發。於一九九七年十二月三十一日，本公司可供分配派發股息予股東之儲備金為613,026,000港元（一九九六年：591,997,000港元）。

Under the laws of Bermuda the contributed surplus is distributable. At 31st December, 1997, the distributable reserves of the Company available for distribution as dividends to shareholders amounted to HK$613,026,000 (1996: HK$591,997,000).

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24. 融資租賃債務 / 24. OBLIGATIONS UNDER FINANCE LEASES

		集團 Group	
		1997	1996
		千港元	千港元
		HK$'000	HK$'000
融資租賃債務之償還期：	**Obligations under finance leases are repayable:**		
一年內	Within one year	**4,298**	4,397
第二至第五年內	In the second to fifth years inclusive	**17,083**	17,203
五年以上	Over five years	**9,225**	13,483
		30,606	35,083
於一年內到期並列入流動負債之款項(附註20)	Amounts due within one year included under current liabilities (Note 20)	**(4,298)**	(4,397)
		26,308	30,686

25. 少數股東權益及貸款 / 25. INTERESTS OF AND LOAN FROM MINORITY SHAREHOLDERS

		集團 Group	
		1997	1996
		千港元	千港元
		HK$'000	HK$'000
少數股東所佔權益：	**Interests of minority shareholders in:**		
投資股本	Share capital invested	**829**	1,555
營業成果	Operating results	**(5,058)**	480
		(4,229)	2,035
少數股東之貸款	**Loan from minority shareholders**	**3,317**	6,222
		(912)	8,257

少數股東之貸款為無抵押及免息。

The loan from the minority shareholders is unsecured and interest free.

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26. 承擔

(a) 營業租約之承擔

於一九九七年十二月三十一日，本集團於下年度就零售店鋪、辦公室、工廠及貨倉所需支付之來年最低租賃承擔如下：

	1997 千港元 HK$'000	1996 千港元 HK$'000
於下列期間屆滿之營業租約：		
一年內	**78,347**	76,439
第二至第五年內	**253,829**	238,199
五年以上	**5,534**	17,625
	337,710	332,263

(b) 資本承擔

於一九九七年十二月三十一日，本集團有以下之資本承擔：

	1997 千港元 HK$'000	1996 千港元 HK$'000
已就發展中物業簽訂但未在賬項內作出撥備之資本開支合約	**14,937**	13,182
已批准但未簽約之發展中物業	**12,571**	19,353
	27,508	32,535

26. COMMITMENTS

(a) Commitments under operating leases

At 31st December, 1997, the Group had minimum commitments under operating leases in respect of retail shops, office premises, factories and warehouses to make payments in the next year as set out below:

	1997 千港元 HK$'000	1996 千港元 HK$'000
Operating leases which expire:		
Within one year	**78,347**	76,439
In the second to fifth years inclusive	**253,829**	238,199
Over five years	**5,534**	17,625
	337,710	332,263

(b) Capital commitments

At 31st December, 1997, the Group had the following capital commitments:

	1997 千港元 HK$'000	1996 千港元 HK$'000
Contracted but not provided for in the accounts in respect of property under development	**14,937**	13,182
Authorised but not contracted for in respect of property under development	**12,571**	19,353
	27,508	32,535

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27. 或然負債

於一九九七年十二月三十一日，本集團及本公司有如下之或然負債：

27. CONTINGENT LIABILITIES

At 31st December, 1997, the Group and the Company had contingent liabilities not included in the accounts in respect of the following:

		集團 Group		公司 Company	
		1997 千港元 **HK$'000**	1996 千港元 HK$'000	**1997** 千港元 **HK$'000**	1996 千港元 HK$'000
銀行週轉信貸擔保	Guarantees in respect of bank credit facilities	**7,128**	10,429	**7,128**	10,429
有追索權之貼現出口票據	Export bills discounted with recourse	**—**	5,409	**—**	—
已開立但未議付之信用狀	Letters of credit issued but not yet utilised	**26,060**	16,284	**—**	—
有關水電按金之銀行擔保	Bank guarantees in lieu of utility deposits	**4,682**	9,487	**70**	70
已發出之保證票據	Guarantee notes issued	**81,522**	96,344	**—**	—
		119,392	137,953	**7,198**	10,499

28. 除特殊項目外之經營溢利及經營業務所得現金流入淨額之調節

28. RECONCILIATION OF PROFIT EXCLUDING EXCEPTIONAL ITEMS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

		1997 千港元 **HK$'000**	1996 千港元 HK$'000
除特殊項目外之經營溢利	**Operating profit excluding exceptional items**	**172,030**	293,531
(收取)／支付利息	Net interest (receivable)/payable	**(5,490)**	322
固定資產折舊	Depreciation of fixed assets	**98,527**	112,695
特殊項目	Exceptional items	**(107,348)**	—
無形資產及其他投資攤銷	Amortisation of intangible assets and other investments	**2,260**	3,037
出售固定資產之虧損／(盈利)	Loss/(profit) on disposal of fixed assets	**484**	(743)
出售其他投資項目之盈利	Profit on disposal of other investments	**(1,095)**	(210)
存貨之減少／(增加)	Decrease/(increase) in inventories	**155,872**	(28,654)
應收賬款及票據、其他應收款、按金及預付款項之增加	Increase in trade and bills receivable, other receivables, deposits and prepayments	**(39,807)**	(11,457)
應付賬款及票據、其他應付款及應計費用之增加／(減少)	Increase/(decrease) in trade and bills payable, other payables and accruals	**21,797**	(78,913)
經營業務所得現金流入淨額	**Net cash inflow from operating activities**	**297,230**	289,608

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29. 本年度集資變動分析 / 29. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

		股本 Share capital 千港元 HK$'000	股本溢價 Share premium 千港元 HK$'000	融資租賃債務 Obligations under finance leases 千港元 HK$'000
一九九七年一月一日之結餘	Balance at 1st January, 1997	71,057	449,706	35,083
上年度滾存之換算差額	Translation difference on opening balance	—	—	(130)
集資所得現金流入／(流出)額	Cash inflow/(outflow) from financing	346	10,564	(4,347)
股份購回轉入資本贖回儲備	Repurchase of shares transferred to capital redemption reserve	(875)	—	—
一九九七年十二月三十一日之結餘	**Balance at 31st December, 1997**	**70,528**	**460,270**	**30,606**

30. 現金及現金等額結存分析 / 30. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

		1997 千港元 HK$'000	1996 千港元 HK$'000
現金及銀行結餘	Cash and bank balances	**199,365**	188,582
銀行貸款及透支 — 無抵押	Bank loans and overdrafts — unsecured	**(7,128)**	(10,501)
		192,237	178,081

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31. 附屬公司

根據董事之意見，下列乃主要影響本集團本年度業績或構成本集團主要資產淨值之主要附屬公司：

31. SUBSIDIARIES

The following includes the principal subsidiaries of the Company which, in the opinion of the directors, were significant to the results of the year or formed a substantial portion of the net assets of the Group:

附屬公司名稱 Name of subsidiary	註冊成立地點 Place of incorporation	持有股份百分比 Effective percentage of equity holding 1997	1996	已發行及全數繳足股份或已繳資本 Issued and fully paid share capital or capital contribution	主要業務及經營地區 Principal activities and place of operation
佐丹奴企業有限公司 Giordano Holdings Limited	香港 Hong Kong	**100**	100	普通股 100,000港元 Ordinary HK$100,000	投資控股 Investment holding
佐丹奴有限公司* Giordano Limited*	香港 Hong Kong	**100**	100	普通股 5,000,000港元 Ordinary HK$5,000,000	在香港經營零售服裝及配襯用品 Retailing of apparel and accessories in Hong Kong
Giordano Originals (Singapore) Private Limited	新加坡共和國 Republic of Singapore	**100**	100	普通股 1,900,002新加坡元 Ordinary S$1,900,002	在新加坡經營零售服裝及配襯用品 Retailing of apparel and accessories in Singapore
East Jean Limited*	香港 Hong Kong	**100**	100	普通股 1,000,000港元 Ordinary HK$1,000,000	在台灣經營零售服裝及配襯用品 Retailing of apparel and accessories in Taiwan

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31. 附屬公司(續)

31. **SUBSIDIARIES** (cont'd)

附屬公司名稱 **Name of subsidiary**	註冊成立地點 **Place of incorporation**	持有股份百分比 **Effective percentage of equity holding** **1997**	1996	已發行及全數繳足股份或已繳資本 **Issued and fully paid share capital or capital contribution**	主要業務及經營地區 **Principal activities and place of operation**
Giordano (M) Sdn. Bhd.	馬來西亞 Malaysia	**100**	100	普通股 100,000 馬來西亞幣 Ordinary RM100,000	在馬來西亞經營零售服裝及配襯用品 Retailing of apparel and accessories in Malaysia
Giordano (Macau) Limited*	澳門 Macau	**100**	100	股本 50,000澳門幣 Quotas MOP50,000	在澳門經營零售服裝及配襯用品 Retailing of apparel and accessories in Macau
Giordano Fashions Limited*	紐西蘭 New Zealand	**100**	100	普通股 1,000,000 紐西蘭元 Ordinary NZ$1,000,000	在紐西蘭經營零售服裝及配襯用品 Retailing of apparel and accessories in New Zealand
Giordano (Thai) Company Limited*	泰國 Thailand	**49**	49	普通股 10,000,000泰銖 Ordinary THB10,000,000	在泰國經營零售服裝及配襯用品 Retailing of apparel and accessories in Thailand

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31. 附屬公司(續)

31. **SUBSIDIARIES** (cont'd)

附屬公司名稱 **Name of subsidiary**	註冊成立地點 **Place of incorporation**	持有股份百分比 **Effective percentage of equity holding** **1997**	1996	已發行及全數繳足股份或已繳資本 **Issued and fully paid share capital or capital contribution**	主要業務及經營地區 **Principal activities and place of operation**
公興針織製衣廠有限公司* Cohin Knitting & Garment Manufacturers Limited*	香港 Hong Kong	**100**	100	普通股 2,000港元 無投票權遞延股 3,261,000港元 Ordinary HK$2,000 Non-voting deferred HK$3,261,000	在中國製造精細針織服裝 Manufacturing of fine knitwear in the PRC
亮志製衣有限公司* Gloss Mind Garment Manufacturing Company Limited*	香港 Hong Kong	**100**	100	普通股 1,000,000港元 Ordinary HK$1,000,000	在中國製造梭織品 Manufacturing of woven products in the PRC
深圳志興製衣有限公司* Shenzhen Zhixing Garment Manufacturers Co., Ltd.*	中國 PRC	**100**	100	10,152,152人民幣 RMB10,152,152	在中國製造精細針織服裝 Manufacturing of fine knitwear in the PRC
深圳亮海製衣有限公司* Shenzhen Lianghai Garments Co., Ltd.*	中國 PRC	**100**	100	9,800,000港元 HK$9,800,000	在中國製造梭織品 Manufacturing of woven products in the PRC
Cohin Philippines, Inc.*	菲律賓 Philippines	**100**	100	普通股 10,000,000披索 Ordinary PHP10,000,000	在菲律賓製造精細針織服裝 Manufacturing of fine knitwear in the Philippines

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31. 附屬公司(續)

31. **SUBSIDIARIES** (cont'd)

附屬公司名稱 **Name of subsidiary**	註冊成立地點 **Place of incorporation**	持有股份百分比 **Effective percentage of equity holding** **1997**	1996	已發行及全數繳足股份或已繳資本 **Issued and fully paid share capital or capital contribution**	主要業務及經營地區 **Principal activities and place of operation**
東莞智興製衣有限公司* Dongguan Chihing Garments Ltd.*	中國 PRC	**100**	100	42,558,499港元 HK$42,558,499	位於中國建設中的工廠 Factory under construction in the PRC
東莞會興製衣廠有限公司* Dongguan Rayhill Garment Manufacturers Co., Ltd.*	中國 PRC	**100**	100	29,500,000港元 HK$29,500,000	在中國製造精細針織服裝 Manufacturing of fine knitwear in the PRC
虎威企業有限公司 Tiger Enterprises Limited	香港 Hong Kong	**100**	100	普通股 1,000港元 無投票權遞延股 60,000,000港元 Ordinary HK$1,000 Non-voting deferred HK$60,000,000	在中國投資控股 Investment holding in the PRC

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31. 附屬公司(續) / 31. SUBSIDIARIES (cont'd)

附屬公司名稱 Name of subsidiary	註冊成立地點 Place of incorporation	持有股份百分比 Effective percentage of equity holding 1997	1996	已發行及全數繳足股份或已繳資本 Issued and fully paid share capital or capital contribution	主要業務及經營地區 Principal activities and place of operation
深圳虎威製衣有限公司* Shenzhen Tiger Garment Limited*	中國 PRC	**100**	100	15,100,000人民幣 RMB15,100,000	在中國深圳投資控股，製造及銷售服裝及配襯用品 Investment holding, manufacturing and retailing of apparel and accessories in Shenzhen, the PRC
Walton International Limited*	開曼群島 Cayman Islands	**100**	100	普通股 102美元 Ordinary US$102	批授商標專利權 Licensing of trademarks

* 間接附屬公司

* subsidiaries held indirectly

32. 比較數字 / 32. COMPARATIVE FIGURES

若干比較數字經重新編列，以符合本年度之呈報方式。

Certain comparative figures have been reclassified to conform with the current year's presentation.

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		綜合基準 Consolidated				
		1997	1996	1995	1994	1993
		千港元	千港元	千港元	千港元	千港元
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
業績	**Results**					
營業額	Turnover	**3,014,364**	3,522,047	3,481,967	2,863,726	2,334,135
除特殊項目外之經營溢利	Operating profit excluding exceptional items	**172,030**	293,531	289,483	235,251	180,481
特殊項目	Exceptional items	**(116,166)**	—	—	—	—
經營溢利	Operating profit	**55,864**	293,531	289,483	235,251	180,481
應佔聯營公司溢利	Share of profit of associated companies	**26,148**	21,871	4,765	(1,015)	(13,815)
除稅前溢利	Profit before taxation	**82,012**	315,402	294,248	234,236	166,666
稅項	Taxation	**(19,351)**	(54,170)	(31,653)	(28,625)	(29,034)
除稅後溢利	Profit after taxation	**62,661**	261,232	262,595	205,611	137,632
少數股東權益	Minority interests	**5,314**	1	(12,367)	(10,264)	—
本年度溢利	Profit for the year	**67,975**	261,233	250,228	195,347	137,632
每股盈利	Earnings per share	**9.6 ¢**	36.9 ¢	38.8 ¢	30.9 ¢	22.0 ¢
資產	**Assets**					
無形資產	Intangible assets	**2,505**	4,974	5,950	9,468	602
遞延稅項	Deferred taxation	**4,566**	3,334	—	—	—
固定資產	Fixed assets	**284,084**	354,576	375,413	206,380	154,657
發展中物業	Property under development	**106,765**	99,454	48,705	16,468	—
所佔聯營公司之權益	Interest in associated companies	**42,096**	43,763	28,562	13,767	4,918
其他投資	Other investments	**122**	835	2,111	2,467	1,325
流動資產	Current assets	**978,527**	1,083,809	1,063,123	792,393	662,443
總資產	Total assets	**1,418,665**	1,590,745	1,523,864	1,040,943	823,945
負債	**Liabilities**					
流動負債	Current liabilities	**324,328**	413,535	567,126	430,441	365,064
非流動負債	Non-current liabilities	**26,308**	30,686	36,719	12,513	4,184
少數股東權益及貸款	Interests of and loans from minority shareholders	**(912)**	8,257	8,280	53,468	—
		349,724	452,478	612,125	496,422	369,248
資產淨值	**Net assets**	**1,068,941**	1,138,267	911,739	544,521	454,697

茲通告Giordano International Limited(「本公司」)謹訂於一九九八年六月二十五日星期四上午十一時正(或緊隨本公司於同日在同一地點召開之股東特別大會結束或休會後)假座香港中環干諾道中壹號富麗華酒店三樓翡翠廳舉行股東週年大會,處理下列事項:

1. 省覽截至一九九七年十二月三十一日止年度之經審核賬目、董事會及核數師報告書。

2. 重選退任董事及確定董事之最高名額並授權董事會在該限額內委聘新董事。

3. 續聘核數師及授權董事會釐定其酬金。

4. 作為特別事項,考慮並酌情通過或經修訂後通過下列決議案為普通決議案:

普通決議案

(1) 「**動議**:

(A) 無條件授予本公司董事會一項一般性授權,可於有關期間內發行、配發或處理本公司股本中之額外股份,並作出或授予可能須行使該等權力之建議、協議及購股權,惟須符合下列條件:

(a) 該項授權之有效期不可超越有關期間,但本公司董事會可在有關期間內作出或授予可能於有關期間內或屆滿後行使該等權力之建議、協議及購股權;及

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Giordano International Limited (the "Company") will be held at Jade Ballroom 1, 3rd Floor, Furama Hotel Hong Kong, 1 Connaught Road Central, Hong Kong on Thursday, 25th June, 1998 at 11:00 a.m. (or so soon thereafter as the Special General Meeting of the Company convened for the same place and day shall have been concluded or adjourned) for the following purposes:

1. To receive and consider the audited accounts and the reports of the directors and auditors for the year ended 31st December, 1997.

2. To re-elect retiring directors and to determine a maximum number of directors and to authorise the directors to appoint additional directors up to such maximum number.

3. To re-appoint the auditors and to authorise the directors to fix their remuneration.

4. As special business, to consider and, if thought fit, pass, with or without amendment, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

(1) **"THAT:**

(A) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to issue, allot or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and

(b) 本公司董事會依據上述授權而配發、發行或處理本公司股本中之股份(除因：(aa)供股；(bb)依據本公司所發行賦有權力認購或購買本公司股份之認股權證或其他證券之條款而行使認購權或兑換股權；或(cc)行使本公司股東已採納可向本公司及／或其任何附屬公司僱員授出購股權認購本公司股份之僱員購股權計劃所授出之購股權；或(dd)根據本公司細則訂立之以股代息或其他類似計劃而發行之股份除外)面值總額不得超過本公司於本決議案日期已發行股本面值總額之20%；及

(b) the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the directors of the Company pursuant to such mandate, otherwise than pursuant to (aa) a Rights Issue; or (bb) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (cc) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue to employees of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire shares of the Company; or (dd) any scrip dividend or other similar scheme implemented in accordance with the Bye-Laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution; and

(B) 就本決議案而言：

(B) for the purpose of this Resolution:

(a) 「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) 本公司下屆股東週年大會結束；

(i) the conclusion of the next annual general meeting of the Company;

(ii) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(ii) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(iii) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權；及

(iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

(b) 「供股」乃指本公司董事會於所定期間內根據某一指定記錄日期名列股東名冊之股東於該日之持股比例向彼等提出之股份發售建議(惟本公司董事會有權就零碎配額，或就考慮任何香港以外地區但適用於本公司之法律及法規下之限制或責任或任何認可管制機構或任何證券交易所之規定後，作出其認為必須或權宜取消若干股東在此方面之權利或作出其他安排)。」

(b) "Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on its register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or stock exchange in any territory outside Hong Kong)."

(2) **「動議：**

(2) **"THAT:**

(A) 無條件授予本公司董事會一項一般性授權，可於有關期間內行使本公司一切權力購回本公司股本中之股份，惟須符合下列條件：

(A) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to exercise all powers of the Company to purchase shares in the capital of the Company subject to the following conditions:

(a) 根據該項授權行使一切權力，惟須遵守所有適用法例及香港聯合交易所有限公司證券上市規則或任何其他適用之證券交易所規定；及

(a) the exercise of all powers pursuant to such mandate shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other applicable stock exchange; and

(b) 本公司依據上述授權而購回之本公司股本中之股份面值總額，不得超過本公司於本決議案日期之已發行股本面值總額之10%；及

(b) the aggregate nominal amount of shares in the share capital of the Company which may be purchased pursuant to such mandate shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution; and

(B) 就本決議案而言，「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) 本公司下屆股東週年大會結束；

(b) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(c) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權。」

(3) 「**動議**批准將本公司董事會根據上文第(1)項決議案所獲可在有關期間(按該決議案之定義)發行、配發或處理本公司之額外股份之一般授權擴大，使根據該項一般授權可發行、配發或處理之本公司股份面值總額增加，而加幅等於本公司董事會行使本公司權力所購回之股份面值總額，惟該增幅不可超逾本決議案通過之日本公司已發行股本面值總額之10%。」

(B) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

(3) **"THAT** the general mandate granted to the directors of the Company pursuant to the authority given in the resolution set out as Resolution (1) to issue, allot or otherwise deal with additional shares of the Company during the Relevant Period (as defined in that Resolution) be and is hereby extended by the addition to the aggregate nominal amount of shares in the capital of the Company which may be issued, allotted or otherwise dealt with pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company purchased by the directors of the Company pursuant to their exercise of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution."

承董事會命
聶羨萍
公司秘書

香港，一九九八年五月二十五日

By Order of the Board
LIP SIN PING, ALICE
Company Secretary

Hong Kong, 25th May, 1998

附註：

(1) 凡有權出席上文通告所召開之大會及投票之股東，均有權委派代表出席大會，並代其投票。受委代表毋須為本公司股東。

(2) 代表委任表格連同簽署人之授權書或其他授權文件(如有)或經由公證人簽署證明之授權書或授權文件副本，須於大會或其任何續會指定舉行時間最少四十八小時前送達本公司之香港股份過戶登記分處雅柏勤證券登記有限公司，地址為香港銅鑼灣恩平道二十八號嘉蘭中心10字樓，方為有效。

(3) 本公司將由一九九八年六月十八日至一九九八年六月二十五日(首尾兩日包括在內)暫停辦理股份過戶登記手續。為確定有權出席大會及於大會上投票之股東名單，所有過戶文件連同有關股票最遲須於一九九八年六月十七日下午四時前送達本公司之香港股份過戶登記分處雅柏勤證券登記有限公司，地址為香港銅鑼灣恩平道28號嘉蘭中心10字樓。

(4) 建議股東參閱將連同一九九七年度之年報一併寄予股東的說明文件，其中載有以上通告所列之普通決議案之重要資料。

Notes:

(1) A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a shareholder of the Company.

(2) To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, 10th Floor, Caroline Centre, 28 Yun Ping Road, Causeway Bay, Hong Kong, not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.

(3) The Register of Members of the Company will be closed from 18th June, 1998 to 25th June, 1998, both days inclusive, during which period no transfer of shares will be registered. For the purpose of determining the identity of shareholders who are entitled to attend and vote at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, 10th Floor, Caroline Centre, 28 Yun Ping Road, Causeway Bay, Hong Kong, not later than 4:00 p.m. on 17th June, 1998.

(4) Shareholders are recommended to read the Explanatory Statement containing important information concerning the ordinary resolutions set out in the above notice which will be sent to shareholders with the Company's 1997 Annual Report.

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